

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### BUS SERVICES BILL [*LORDS*]

*First Sitting*

*Tuesday 14 March 2017*

*(Morning)*

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#### CONTENTS

Programme motion agreed to.

Written evidence (Reporting to the House) motion agreed to.

CLAUSES 1 AND 2 agreed to, one with amendments.

SCHEDULE 1 agreed to.

CLAUSE 3 agreed to.

CLAUSE 4 under consideration when the Committee adjourned till this day at Two o'clock.

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**not later than**

**Saturday 18 March 2017**

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**The Committee consisted of the following Members:**

*Chairs:* ALBERT OWEN, †MR DAVID NUTTALL

- |   |  |
|---|--|
| † Ansell, Caroline ( <i>Eastbourne</i> ) (Con)                                  | † Phillipson, Bridget ( <i>Houghton and Sunderland South</i> ) (Lab) |
| † Dakin, Nic ( <i>Scunthorpe</i> ) (Lab)  | † Robinson, Mary ( <i>Cheadle</i> ) (Con)                            |
| † De Piero, Gloria ( <i>Ashfield</i> ) (Lab)                                    | † Spencer, Mark ( <i>Sherwood</i> ) (Con)                            |
| † Freer, Mike ( <i>Finchley and Golders Green</i> ) (Con)                       | † Stringer, Graham ( <i>Blackley and Broughton</i> ) (Lab)           |
| † Green, Chris ( <i>Bolton West</i> ) (Con)                                     | † Tracey, Craig ( <i>North Warwickshire</i> ) (Con)                  |
| † Greenwood, Lilian ( <i>Nottingham South</i> ) (Lab)                           | † Zeichner, Daniel ( <i>Cambridge</i> ) (Lab)                        |
| † Jones, Andrew ( <i>Parliamentary Under-Secretary of State for Transport</i> ) |  |
| † Knight, Julian ( <i>Solihull</i> ) (Con)                                      | Kenneth Fox, Juliet Levy, <i>Committee Clerks</i>                    |
| † Mann, Scott ( <i>North Cornwall</i> ) (Con)                                   |  |
| † Merriman, Huw ( <i>Bexhill and Battle</i> ) (Con)                             | † <b>attended the Committee</b>                                      |

# Public Bill Committee

Tuesday 14 March 2017

(Morning)

[MR DAVID NUTTALL *in the Chair*]

## Bus Services Bill [Lords]

9.25 am

**The Chair:** Before we come to the detailed consideration of the Bill, I have a few preliminary points to make. I remind hon. Members that mobile devices must be switched off or to silent, and that we do not allow tea or coffee to be drunk in the Committee Room during sittings. We will begin by considering the programme motion on the amendment paper, and we will then consider a motion to enable the reporting of written evidence for publication. I hope that we can take these matters formally, without debate.

*Ordered,*

That—

(1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 14 March) meet—

- (a) at 2.00 pm on Tuesday 14 March;
- (b) at 11.30 am and 2.00 pm on Thursday 16 March;
- (c) at 9.25 am and 2.00 pm on Tuesday 21 March;

(2) the proceedings shall be taken in the following order: Clauses 1 and 2; Schedule 1; Clauses 3 to 6; Schedule 2; Clauses 7 and 8; Schedule 3; Clauses 9 to 15; Schedule 4; Clauses 16 to 21; new Clauses; new Schedules; Clauses 22 to 26; remaining proceedings on the Bill;

(3) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 21 March.  
—(*Andrew Jones.*)

*Ordered,*

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Andrew Jones.*)

**The Chair:** Copies of written evidence that the Committee receives will now be made available in the Committee Room. We will now start the detailed, line-by-line consideration of the Bill. I will allow hon. Members to take off their jackets during the sitting if they wish. I again remind Members to ensure that mobile phones are switched off or to silent.

The selection list for today's sitting is available in the Committee Room. It shows how selected amendments have been grouped together for debate. Those that have been grouped together are generally on the same or a similar issue. A Member who has put their name to the leading amendment—the first named amendment in a group—is called first. Any other Member is then free to catch my eye and indicate that they wish to speak on all or any one of the amendments within that group. A Member may, if they wish, speak more than once in a single debate on a group. I will work on the assumption that the Minister wishes the Committee to reach a decision on all the Government's proposed amendments.

Please note that decisions on amendments take place not in the order in which they are debated, but in the order in which they appear on the amendment paper. In other words, debate occurs according to the selection and grouping list, but decisions are taken when we come to the clause that the amendment affects. I hope that explanation is helpful to Members. I will use my discretion as we go through proceedings, as will the other co-Chair, to decide whether to allow a separate stand part debate on individual clauses and schedules following debates on relevant amendments.

### Clause 1

#### ADVANCED QUALITY PARTNERSHIP SCHEMES

**The Parliamentary Under-Secretary of State for Transport (Andrew Jones):** I beg to move amendment 1, in clause 1, page 2, line 43, leave out from beginning to end of line 4 on page 3.

*This amendment removes an order-making power under which the Secretary of State may confer on a local transport authority with an advanced quality partnership scheme power to enforce traffic offences.*

The amendment removes the Secretary of State's ability to confer the functions to enforce traffic offences on authorities that make advanced quality partnership schemes. English local authorities outside London that can enforce parking violations already have powers to enforce bus lane contraventions, including moving traffic violations in bus lanes. The measure that was made in the other place would broaden those powers beyond the scope of bus lanes and allow the enforcement of other moving traffic offences such as contraventions in yellow box junctions. There are already provisions in part 6 of the Traffic Management Act 2004 to permit the enforcement of other moving traffic violations.

The Government have not yet made a decision on whether to provide these powers to authorities, but we continue to discuss the issue with the Local Government Association and other organisations; I have met the LGA to discuss this issue on two occasions. A key concern remains that if the powers are granted, they could be misused to generate revenue for local authorities—indeed, I had a letter from a councillor only a few days ago suggesting that it would be a highly desirable thing to do from a revenue-raising perspective—but their primary purpose is traffic management, and that kind of attitude reinforces the Government's concerns.

I recognise that congestion can have a major impact on local bus services, but authorities can take action to address it through new infrastructure measures and technological solutions, for example by enforcing moving traffic offences in bus lanes, as I mentioned earlier. Given the existing powers available to local authorities and the existence of part 6 of the Traffic Management Act, I hope that hon. Friends and colleagues on the Committee will agree that the additional legislation, particularly where it relates to only one type of partnership, is unlikely to achieve better outcomes.

**Daniel Zeichner (Cambridge) (Lab):** It is a pleasure to serve under your chairmanship, Mr Nuttall. I am sure that the discussions we will have in Committee over the next six sittings will be civil and cordial, as they were on Second Reading. Indeed, the Opposition would be

delighted to save everyone a lot of time and agree to the Bill as it now stands, because we believe that it was much improved in the other place—but we appreciate that the Government have other plans. At the outset, may I put on the record that for many years I have been a member of the trade union Unite? As it represents many members in the bus industry, I have regular conversations with it.

Government amendment 1 on moving traffic offences may be a curious place to commence our discussions, but it highlights the fact that, welcome though many of the Bill's measures are, they are only a part of what is needed to achieve what we all want to see: a much more comprehensive and thriving bus sector. Although many more public transport journeys are made by bus than by any other form of public transport, sadly the number of journeys and, in many cases, their speed is declining. The industry tells us that part of the problem is traffic congestion, which is why enforcement of moving traffic offences matters, as the Minister indicated.

When I went to meet my local bus company soon after being elected, to continue the long period of constructive dialogue that local bus manager Andy Campbell of Stagecoach and I have had over many years, he was absolutely clear that one of the biggest problems facing buses in Cambridge was the snarl-ups at a major junction where the yellow box had been removed after a major reconfiguration. However, what is the point of a yellow box if everyone knows that there is no sanction for transgressing it? That point struck me last Friday as I did exactly that at another junction in the city, just as everyone else does. The measure introduced in the other place would give local councils the powers to do what the police no longer have the resources to do. That is not their fault, but a direct consequence of Government cuts—cuts add to congestion, and they add to delays on the buses.

This destructive Government amendment removes an order-making power under which the Secretary of State may confer on a local transport authority with an advanced quality partnership scheme the power to enforce traffic offences. Part 6 of the Traffic Management Act 2004 gave the Government the power to make regulations and publish guidance relating to the civil enforcement of road traffic contraventions, such as the regulations we have been talking about for parking and moving traffic offences. As I have outlined, we believe that it is important that all councils should have enforcement powers to deal with moving traffic matters such as banned turns and yellow box junctions, to help improve the reliability and punctuality of buses, which would in turn increase bus patronage, which is something we are all trying to achieve.

It is disheartening to see the Government refusing to enact the power. According to Department for Transport figures, road traffic levels and congestion are projected to increase by 55% and 86% by 2040. The powers could help local authorities with advanced quality partnership schemes to reduce congestion, improve punctuality and increase bus ridership, so why not do it? We know that the Government do not really trust councils and run scared of press columnists who whip up scare stories. In the meantime, every driver stuck by a gridlocked crossing, and every bus passenger stuck because their bus cannot move, is the loser. I exhort the Minister to be brave and make yellow boxes work. If that is good enough for London and Cardiff, why not for Cambridge and Yorkshire?

**The Chair:** May I ask at the outset that any hon. Member wishing to speak will indicate that clearly by standing up, as they would in the Chamber? I want to include everyone.

**Huw Merriman** (Bexhill and Battle) (Con): I accept your invitation on that basis, Mr Nuttall. It would be incredibly remiss of me not to make at least a brief contribution, as I see a fellow member of the Transport Committee, the hon. Member for Blackley and Broughton, looking at me and no doubt remembering some of the things I said on this point in that Committee.

I live in a constituency where we do not even have civil parking enforcement. The hon. Member for Cambridge is correct that at the moment the police do not have the resources to deal with traffic offences. In my constituency they have even given up on dealing with people who park in a bay for two hours. As a result, many parts of the constituency are chock-a-block and no one is taking responsibility.

I am greatly concerned about the fact that there is no direction from above, conferring powers but also making sure that powers are used. I do not want to vote against the Government but I would ask the Minister to consider how they can ensure that councils take responsibility for powers that they can utilise, and how to improve council enforcement with respect to traffic movement.

The Transport Committee is currently undertaking an inquiry on urban congestion, and it is clear to us that difficult decisions must be taken. I would like local authorities to be granted more powers, and I would like us to ensure that they take them rather than arguing with the police about who does nothing.

**Andrew Jones:** My hon. Friend makes an interesting point. I think that councils, rather than arguing with the police about who does nothing, have significant powers, and we should encourage them to take action. I hope that we can move to much greater civil enforcement, and to people leading their councils with a view to shaping their local areas and making them better environments, in all respects, including traffic management. As for whether the Government trust councils—a point raised by the hon. Member for Cambridge—the Bill is an enabling one that gives councils powers. Clearly his underlying point is not correct.

The Government are unconvinced that, without further controls, the proposals would be anything other than the potential for revenue-raising by councils, rather than traffic management. That view is reinforced when I receive letters such as one that I had stating, “This is an opportunity for us to get some cash in.” However, I am not against the principle and will continue to talk with the Local Government Association. I discussed it only last Thursday with the LGA—Councillor Martin Tett, the leader of Buckinghamshire County Council, is leading on it—so there are live conversations.

I am happy to give the Committee my commitment that we shall continue with those discussions, but I want to make sure that we see the issue from the point of view of traffic management. If the LGA will do further work on that we can continue to talk. I do not think that the Bill is the right place to tackle moving traffic offences.

**Graham Stringer** (Blackley and Broughton) (Lab): I understand what the Minister is saying, but the provision is not about enabling councils to carry out a function; it

[Graham Stringer]

is about restricting current and future ministerial teams. Why does he want to restrict the powers of his Government and following Governments, if they think fit, to confer that power on local authorities?

**Andrew Jones:** I am happy to consider the commencement of these powers, but we have to go through a number of safeguards yet. I do not think that we are in a position to go any further. I am quite happy to keep this dialogue going, but the case has not been made in a way that has convinced me or other departmental colleagues. Indeed, I think that there are reservations across the House more broadly.

This is not about restricting powers; it is about granting powers to councils to enforce moving traffic offences. I know that they want them. These powers have been on the statute book for 13 years and not commenced. Our predecessors probably had some of the same reservations that I have had. I do not think that we can go any further than my commitment to keep talking and not to be against this in principle.

**Lilian Greenwood** (Nottingham South) (Lab): I am sure that the Minister is aware of the report by Professor David Begg for Greener Journeys about the impact of congestion on bus passengers and the fact that bus journeys have been reducing by 10% each year. If that trend continues, will he look again at traffic management? Clearly, congestion hits buses harder than it hits other vehicles. If bus speeds are reducing, that can hit bus patronage. This goes against the very ethos of his Bill, which is to increase bus patronage and encourage the use of the bus as a means of transport.

**Andrew Jones:** The hon. Lady is absolutely right. The heart of the Bill is more powers to get more passengers on to buses. That is what the Bill is for. I am certainly aware of the report by Professor Begg; I have read it and discussed it with him. Indeed, we have spoken at a couple of conferences together and discussed the matter. I have no doubt that congestion is a factor. At the same time, the Government are taking significant action to tackle it. Only last Friday morning we announced a further £110 million of schemes to tackle congestion and particular pinch points on the strategic road network.

We are aware of the impact on congestion and are taking action. I am aware of the concerns in the industry. I support, for example, the introduction of bus priority measures, where it is appropriate and when councils, as local highway authorities, take these actions. That still does not mean that we are in the right place to take this issue forward today.

*Amendment 1 agreed to.*

**Andrew Jones:** I beg to move amendment 2, in clause 1, page 4, leave out lines 37 to 42.

*This amendment removes a requirement that, under an advanced quality partnership scheme, new buses providing local services must meet eligibility requirements contained in the "Low Emission Bus Scheme" (a programme of grants to support the use of low and ultra-low emission vehicles), where the vehicle comes into service after 1 April 2019.*

**The Chair:** With this it will be convenient to discuss the following:

Government amendments 6 and 11.

**Andrew Jones:** The amendments would remove the requirement that from 1 April 2019 all new buses used to deliver services as part of a partnership or franchising scheme in England must be low-emission vehicles. As a result of changes made in the other place, the Bill currently requires such vehicles to meet the eligibility requirements contained in the low emission bus scheme.

I support the spirit behind the changes made in the other place. We all want to see greater use of low-emission buses. Last July, we published details of the local authorities and operators that will be sharing the £30 million budget under the low emission bus scheme. That builds on budgets that have come from previous Governments in support of cleaner vehicles. In the autumn statement, my right hon. Friend the Chancellor of the Exchequer announced that a further £100 million will be made available over the next few years to help to spread the use of such buses.

The drafting of the Bill as it stands, however, is not the way to go about encouraging greater use of these very impressive vehicles. The requirement would tie the hands of authorities looking to implement franchising, advanced quality partnerships or enhanced partnerships. It would require them to specify standards for newer vehicles that are higher than in other parts of the country. It is a bit of a centralist approach, which goes against the principle of the Bill, and it would certainly result in additional costs, which could make the difference between whether schemes are viable or not. The likely consequence is that many local transport authorities would simply not pursue such schemes at all, which would lead to lower levels of bus use and potentially worse environmental outcomes than would have been achieved without the provisions. Even where schemes are set up, the provision could be circumvented for several years if authorities simply do not introduce any new buses at all, which would be a perverse consequence and the opposite of what it seeks to achieve.

9.45 am

I have discussed this matter with bus operating companies, and they highlighted that one of their major concerns about the Bill is the significant increase in cost. The industry is on a journey towards investing in vehicles that offer greater customer benefits, greater comfort, wi-fi and significant improvements in their environmental performance. We want to encourage the churn of the fleet, and the Government will support the industry to do that.

I believe that the Bill needs to strike the right balance between giving authorities the right tools for the job and not being too prescriptive about how improvements are to be achieved. Decisions on the need or otherwise for low-emission vehicles to be specified in a scheme are best made locally, rather than determined on the face of the Bill. That is the objective of Government amendments 2, 6 and 11.

**Daniel Zeichner:** I hear what the Minister says, and of course there is always a debate to be had about how to drive up standards, but the evidence is clear that unless such mechanisms are used, it does not happen. It is disappointing that the Government intend to remove the provisions in the Bill that would ensure that schemes require that new vehicles delivering local services meet the specifications of the low emission bus scheme as set out by the Office for Low Emission Vehicles.

However, we are a little cheered by the fact that the Government amended the Bill to specify that the standards of service that may be specified in a scheme include requirements about emissions or types of fuel or power. Our amendment says that schemes must ensure new vehicles party to the scheme meet the low-emission specifications, but the Government's amendment says only that standards of service may include requirements about emissions, and does not set out what they may be.

The draft guidance is not much better. It says that the Department

"would encourage authorities to think about how they can use the tools in the Bill...to help improve the emission standards of the vehicles used and therefore local air quality",

but adds

"it is important to remember however that these tools are designed to help authorities...not dictate standards."

While that may be a very cosy way of arranging things, it does not do what is necessary to drive up standards.

We all know how pressing the air quality issues in this country are and how frequently the Government have been losing in the courts. We think this is a straightforward opportunity to take robust action, but sadly the Government's response is to think about it. We need more robust action to make the buses in our country greener and cleaner.

**Andrew Jones:** To say that the Government are just thinking about it does not capture the spirit of what I said earlier about our low emission bus scheme and the further funding that was allocated in the autumn statement. I agree that air quality is a significant and pressing issue, and I have no doubt that progress with buses is at the heart of improving the air quality in our towns and cities. However, the Bill is explicit that emissions standards can be specified in partnership schemes or included in local service contracts, in the context of franchising. Emissions standards can be included in schemes, thus giving local authorities the flexibility to determine an approach that is right for their area.

I am not quite as doomy and gloomy as the hon. Gentleman on this issue. From my discussions with bus operators, I see a recognition that new low-emission vehicles present a fantastic opportunity. They are moving their fleets in that direction and we are supporting them in that work. In my constituency, the Harrogate Bus Company will move to an electric fleet for much of its service. It will be a leader for low-emission buses across the country and I have supported it in its enthusiasm.

That also has good public recognition but that does not mean we should dictate cost, which could have a perverse effect rather than the positive motive behind the amendment. That is the reason the Government have tabled it.

*Amendment 2 agreed to.*

**Andrew Jones:** I beg to move amendment 3, in clause 1, page 6, leave out line 1.

*This amendment and amendment 4 remove a requirement to consult representatives of employees of affected bus operators about a proposed advanced quality partnership scheme. The representatives must be representatives of a trade union recognised by bus operators or, if there are no such representatives, appointed or elected representatives of the employees.*

**The Chair:** With this it will be convenient to discuss the following:

Government amendments 4, 8 and 9.

Amendment 22, in clause 4, page 18, line 16, leave out "advanced quality partnership scheme" and insert "franchising scheme."

*This amendment would amend a provision in the franchising scheme section that refers to advanced quality partnership schemes.*

Amendment 27, in clause 9, page 44, line 33, at end insert—

"(i) appropriate representatives of any affected employees"

*This amendment would make appropriate representatives of any affected employees statutory consultees when a local authority is consulting on a proposed enhanced partnership.*

Amendment 28, in clause 9, page 44, line 33, at end insert—

"(6A) In subsection (6) (i) "appropriate representatives of any affected employees" means—

- (a) representatives of a recognised trade union, if an independent trade union is recognised by existing operators in the area of the proposed franchising scheme; or
- (b) in any other case, employee representatives appointed or elected by the affected employees who have authority from those employees to receive information and be consulted on their behalf."

*This amendment specifies what is meant by the term "appropriate representatives of any affected employees" in Amendment 27.*

**Andrew Jones:** A number of amendments have been tabled by the Government, the hon. Members for Cambridge, for Nottingham South and for Scunthorpe that relate to the consultation of employee representatives in relation to proposed partnership and franchising schemes.

Government amendments 3, 4, 8 and 9 would remove the requirement for authorities to consult representatives of employees about proposed advanced quality partnership and franchising schemes.

The Government introduced amendments in the other place to require authorities to consult employee representatives about proposed franchising schemes, as it is those schemes that are likely to impact on staff. The Bill, therefore, already places a requirement on authorities to consult employee representatives in the appropriate circumstances, which ensures that any trade unions that represent employees will be consulted on franchising proposals.

The further amendments that were made in the other place in relation to consultation of employee representatives and trade unions on proposed franchising schemes therefore partly replicate Government amendments. Government amendments 8 and 9 would simply remove that duplication. In the light of that duplication, I hope the hon. Member for Cambridge will feel able to withdraw amendment 22, which would amend further that duplicated text.

I completely understand the need for employee representatives to be consulted on proposed franchising schemes because these proposals could have a direct impact on bus industry employees in an area. It is, therefore, completely correct that they are consulted and that employee representatives can be involved in that process. However, I do not consider it necessary to consult employee representatives when establishing an

[Andrew Jones]

advanced quality partnership or an enhanced quality partnership, as amendments 27 and 28, tabled by the hon. Members for Cambridge, for Nottingham South and for Scunthorpe, would require.

In most cases, a partnership is likely to lead to changes such as multi-operated ticketing schemes. Only in a very individual, particular set of circumstances will an enhanced partnership lead to changes for employees that could be similar to those arising from franchising.

Government amendments 3 and 4 would remove the amendments made in the other place. I hope on the basis of my explanation, and the Government's clear intention to support employee representatives speaking up on behalf of employees in an area where there will be changes, that the hon. Gentleman feels able to withdraw his amendments.

**Daniel Zeichner:** We were rather hoping that the Government would be minded to retain the parts in the Bill on employee consultation. It is disappointing that they feel the need to remove recognised representatives of affected employees from the list of statutory consultees when authorities are making advanced quality partnership and franchising schemes.

It seems a touch petty and perhaps an ideological dig at trade unions. I cannot imagine where in the Department that might have come from but I know the Minister is better than that, so I hope he might think again.

I do not understand why the Government think that local authorities should not hear from trade unions or other employee representatives when they are consulting on schemes that could have a profound impact on the local bus workforce. One thing that strikes me about the whole discussion about partnerships, which we all support, is how few people are actually aware of them in any area. Not many of my local councillors are aware of them. We have to dig deep to find that these wonderful partnerships already in place, so here is an opportunity to involve more people and to spread the word. The expertise of those frontline staff in providing the services is unique. I generally find that if I want to know what is going on, I talk to the people delivering the service on the ground. They often have a rather different take on what is happening, so if people want to know what is happening, go and talk to the drivers. Their expertise and their local knowledge is not, it seems, to be taken into account.

We are disappointed at the Government's removal of what seemed to us to be harmless and sensible provisions. When this was discussed in the other place, the Minister, Lord Ahmad, said:

"I agree that it is important that employee groups are consulted appropriately on proposals to improve local bus services. I agree particularly that significant changes to local bus services could well impact local bus industry employees, so it is only fair that they are given the opportunity for input in such circumstances."

He also said:

"I agree that employee groups and others affected by the proposals should always be consulted formally on franchising schemes".— [Official Report, House of Lords, 29 June 2016; Vol. 773, c. 1651.]

I appreciate we are extending this to the other forms of partnership, but the principle seems fairly clear.

Amendments 22, 27 and 28 are partly related to drafting issues. We think that amendment 22 corrects a minor technical error in the Bill and clears up what we think must have been a typo, because clauses 4 to 6 relate to franchising schemes but clause 4 refers to "advance quality partnership schemes". Amendments 27 and 28 would, in our view, simply tidy up the Bill and bring clauses 9 to 15 on enhanced partnerships in line with those on advanced quality partnerships and franchising. My amendment inserts into the section on enhanced partnership plans and schemes a requirement that a local authority or authorities must consult appropriate representatives of any affected employees.

**Huw Merriman:** Just so that I am clear on this: the hon. Member is expecting that local authorities would consult with the employees of an organisation where they are already employed by a non-local authority employer. This is not relating to municipals on that basis. If that is the case, surely that opens up a Pandora's box: whenever a local authority wishes to change a contractor for refuse services, it has to talk to all of the employees of all of the refuse companies. Where does this end? Where does this link to the desire to make the process simpler for local authorities? If this amendment were to be accepted it would make the process incredibly cumbersome.

**Daniel Zeichner:** I would not disagree that the processes are complicated. Our point is that if you are looking to redesign local services, who better to talk to than those that are actually involved in delivering them? I accept the hon. Gentleman's point that it does raise other issues, and I would agree that talking to the people providing those services gives us a better chance of getting the end system better, whether it is the provision of refuse services or any other services.

**Huw Merriman:** Is there not a danger that you spend a lot of time talking at great cost and actually delivering very little, which is exactly contrary to what we are trying to do with this Bus Services Bill?

**Daniel Zeichner:** When we are redesigning services that are going to have a major impact on people across a local area, it is certainly worth talking to people. Quite often, we are talking about representatives of people. It is a question of having one or two extra consultees, so I am not sure that it is a huge extra burden. My worry is that people who have the knowledge are being excluded from those discussions. My practical experience on the ground, as I already intimated, is that very few people know about these partnerships. The involvement of many more people would lead to a better outcome.

Amendment 27 refers to

"appropriate representatives of any affected employees".

That means representatives of recognised trade unions or employee representatives who have been appointed or elected by the affected employees. The amendments effectively make trade union representatives statutory consultees when a local authority makes enhanced partnership schemes. That is already provided for elsewhere in the Bill—local authorities bringing in advanced quality partnership schemes or franchising schemes must consult

with “appropriate representatives”. There is no reason why that should not also be the case for enhanced partnership schemes.

10 am

**Graham Stringer:** It is a pleasure to serve under your chairmanship for the first time, Mr Nuttall. I rise not to make a long speech, but to save you from telling me that an intervention on the Minister is too long—I suspect that such an intervention would be. I want to use these amendments to ask him on what principle he has decided what should be done at the centre—what should be the Secretary of State’s or Government’s decision—and what should be devolved.

We are on our third set of amendments. The Minister has argued that the Opposition amendments are otiose and too prescriptive and, in effect, that things would be better left to normal procedures. He said that traffic management would be better dealt with by current policies and that bus emissions schemes would be better left to local schemes. A number of amendments have been tabled—some by him—that take powers away from local authorities and give them to the centre, but he has also argued that some things should be left to local authorities.

This is a good Bill, which I want to support, even if the Government remove some improvements that have been inserted by the other place, as I am sure that they will. It will still remain a good Bill that I wish to support, but will the Minister explain what principles he is using to decide what should remain within his ambit and what should be devolved? At the moment, what has been devolved down and what has been left at the centre is very confusing, if not to say arbitrary.

**Andrew Jones:** There are a few questions to deal with. Let me start with the underlying principles. I agree that devolution has not been tidy over the past few years, but it has generally progressed from the ground up. I am a great supporter of devolution; we should trust people to make local decisions wherever possible. The hon. Member for Blackley and Broughton suggested that the principle was a little arbitrary, but actually, it comes down to whether there is governance and some kind of control. If we can ensure that we have governance and control, I am happy to see devolution progress. A further point could be accountability, which we might come on to during our debate on franchising.

I am all in favour of consultation with employee representatives when there are material changes to people’s working conditions. A franchising scheme would mean that, which is why we put employee representatives in that proposed new section in the Bill. That is unlikely to be the case for the simple, more structured partnership arrangements, which are about local authorities and bus companies coming together to agree and put forward a set of consumer offers.

**Lilian Greenwood:** I wonder whether the distinction that the Minister is making is right. Employee representatives clearly have a role and need to be consulted on issues that affect the terms and conditions of their members, but does he not accept the point made by my hon. Friend the Member for Cambridge? The people who deliver those services—the frontline workers in the

bus industry—have valuable expertise, so there is value in consulting them and seeking their view on operational aspects and not just the bits that might affect their employee terms and conditions. Does he not accept that there is value in gaining their expertise as part of the process?

**Andrew Jones:** Yes, I do accept that. I worked in business for 25 years before coming to Parliament. If changes are going to be made or if a company seeks to improve, the best thing to do is to talk to people and take them with you. I fully recognise that; doing so is good practice.

I would expect any authority developing partnership schemes to talk very widely. The whole point of partnership schemes is to get people to come together to decide on a set of customer benefits and deliver those benefits to put more people on buses. The authority will be free to consult as widely as it wishes—that is fine, I am all for it doing that—but in areas where terms and conditions change, we need to go further and make it mandatory. That is the difference between us on the Bill; it is not a big difference.

Is consultation a good thing? Of course it is. Are employee representatives at the heart of that? Of course they are, but where terms and conditions are changing, we need to make it mandatory.

*Question put, That the amendment be made.*

*The Committee divided: Ayes 10, Noes 6.*

#### Division No. 1]

#### AYES

Ansell, Caroline  
Freer, Mike  
Green, Chris  
Jones, Andrew  
Knight, Julian

Mann, Scott  
Merriman, Huw  
Robinson, Mary  
Spencer, Mark  
Tracey, Craig

#### NOES

Dakin, Nic  
De Piero, Gloria  
Greenwood, Lilian

Phillipson, Bridget  
Stringer, Graham  
Zeichner, Daniel

*Question accordingly agreed to.*

*Amendment 3 agreed to.*

*Amendment made:* 4, in clause 1, page 6, leave out lines 8 to 16.—(Andrew Jones.)

*See the explanatory statement for amendment 3.*

*Question proposed, That the clause, as amended, stand part of the Bill.*

**Andrew Jones:** One of the most interesting parts of the Bill is the proposal to see greater powers in the world of partnerships between the bus companies and local authorities. Clause 1 introduces new advanced quality partnerships, which build on the existing quality partnership schemes that were first introduced in the Transport Act 2000. Under the existing schemes, a local transport authority has to invest in bus-related infrastructure. That might be priority lanes, new bus stops or a bus station. Local bus operators that choose to use those facilities improve the quality of their services in return, so there is an offer from both the operators

[Andrew Jones]

and the local authority. Indeed, operators that do not participate cannot use the facilities provided by the authority.

Advanced quality partnership schemes have a broader scope. In addition to, or instead of, the provision of facilities, an advanced quality partnership scheme can include measures taken by a local authority that will help buses. It might use other areas within its powers as an authority, such as traffic management policies or parking policy. The new advanced quality partnership schemes can therefore include a wider range of requirements that operators must meet, including in relation to the marketing of services and tickets, the provision of information to passengers, and even smartcard requirements.

An advanced quality partnership scheme may be made only by an LTA or LTAs working together in England. The existing quality partnership scheme provisions will continue to apply in Wales, as will such schemes made by an English authority in conjunction with a Welsh authority where we are dealing with cross-border services.

This is an interesting addition to the range of powers available on a local basis. There is strong support of partnership arrangements in the bus sector. Indeed, I have travelled around our country a lot over the past couple of years looking at different bus arrangements, and good partnership working has been at the heart of progress. We have seen that right across the country. Clause 1 is a welcome addition.

**Daniel Zeichner:** There is much to agree on here. We understand the case that a bus service cannot be run without infrastructure around it and the co-operation of the local authority, so we strongly welcome the extra flexibility that the advanced partnerships will bring.

However, I return to a point I made earlier about the lack of understanding in the wider world about what is going on with these schemes. I was slightly troubled by the response to my questions to the Department about analysis of the success of existing partnerships across the country. There seems to be a certain vagueness about that, which may reflect the fact that the Department has many other things to work on. I appreciate that, but as we move on to create extra types of partnership scheme, it is useful to know what has and has not worked around the country before. I encourage the Department to do a little more research on that, as we process these schemes.

There is a question over who exactly will be come forward to use these advanced quality partnerships and the enhanced partnerships that we will come to later in the Bill. I divert back to the moving traffic issue. The hon. Member for Bexhill and Battle probably created the soundbite of the day when he referred to the many years spent talking about doing nothing. There is a further danger. It is clear to me that very few people in the wider world understand what the Government are trying to achieve here.

This is a worthy intention, and we support the Government's proposals on advanced quality partnerships. We are disappointed that they have not felt able to maintain the amendments made in the other place, but we appreciate that that is their role in life, and we strongly support advanced quality partnerships.

**Andrew Jones:** I have just a couple of comments. I agree that right across the country we are seeing good partnership working. I have seen it with my own eyes, and I also look at sales data that comes into the Department. The idea that the Department is ignorant of such matters is not entirely fair. I agree that knowledge of these things might be limited locally. I have no means of quantifying that, but I suspect that there could be some truth in it. The point remains that where there is good partnership working, we see more passengers on buses. I am not too worried about whether people know about the formal structures behind the scenes. I want to see the outcome of that planning and preparation, which is a stronger bus market that is growing in an area.

*Question put and agreed to.*

*Clause 1, as amended, accordingly ordered to stand part of the Bill.*

*Clause 2 ordered to stand part of the Bill.*

### Schedule 1

#### FURTHER AMENDMENTS: ADVANCED QUALITY PARTNERSHIP SCHEMES

*Question proposed,* That the schedule be the First schedule to the Bill.

10.15 am

**Andrew Jones:** The schedule contains only consequential amendments to the Transport Act 1985 and the Transport Act 2000 that are necessary for the effective implementation of the advanced quality partnership scheme provisions. They are technical amendments that will ultimately ensure that, once the advanced quality partnership scheme provisions are in force, the existing quality partnership provisions in sections 114 to 123 of the Transport Act 2000 will enable such schemes to be made only by Welsh authorities or jointly by English and Welsh authorities. The schedule also amends the Transport Act 2000 to require local authorities in England that make advanced quality partnership schemes to satisfy themselves that any adverse impacts on competition are outweighed by the benefits secured.

The amendments that the schedule will make are perhaps a little dry, but they are necessary.

*Question put and agreed to.*

*Schedule 1 accordingly agreed to.*

### Clause 3

#### TRANSITIONAL PROVISION

*Question proposed,* That the clause stand part of the Bill.

**Andrew Jones:** The clause automatically turns all existing quality partnership schemes made by English authorities into advanced quality partnership schemes. Such schemes may then take advantage of the new provisions and flexibilities of the advanced quality partnership schemes, but will not be obliged to do so.

**Graham Stringer:** Will the Minister tell the Committee how many quality partnerships the clause affects?

**Andrew Jones:** The clause affects all the existing quality partnership schemes. I do not have an exact number for the hon. Gentleman but, having seen some schemes in action, I am aware that there are good schemes all over the country. I could not give a precise figure without checking but it is into double figures. *[Interruption.]* Inspiration is now arriving in the form of a written brief that gives the answer as 10.

**Daniel Zeichner:** Double figures!

**Andrew Jones:** Yes, it is double figures.

Clause 3 is a small measure that makes transitional arrangements to turn existing quality partnership schemes into advanced quality partnership schemes. I commend it to the Committee.

**Daniel Zeichner:** A theme is emerging through these discussions. I return to my point about the number of these schemes and the understanding that exists across the country. While I entirely take the Minister's point that, for the bus passenger, the issues are whether the bus is running, the quality of the bus, the fares and all of the rest of it, my worry is that many of the people who should know a bit more about this locally—local authorities and local councillors—are probably unaware of what has happened in the past and what the opportunities might be in the future. I encourage the Department to talk more about these partnership schemes because, if we only have 10 across the country, that rather suggests that there are many areas that do not currently benefit from these schemes.

My part of the world in Cambridge is frequently cited as one of the good examples. Although I have robust conversations with my local bus company—we will perhaps come on to that later on—the relationship between the bus company and the local authority has helped deal with some very pressing issues over many years. That has meant that the traffic in Cambridge, although still grindingly slow, has not got any slower. I would suggest that the number of my local colleagues who know about how that has been achieved is relatively small. It is not talked about or discussed.

I think that there is a lot of potential to look at the good examples—and there are other good examples across the country—and make more of the opportunities that exist.

**Andrew Jones:** The hon. Gentleman and I will spend part of the day agreeing with each other, because I do agree on that point. Partnerships have been working—we have seen that. He has direct first-hand experience; I have direct first-hand experience from many visits around the country. My focus is on consumers—getting consumers on to buses—but his point about whether the partnerships are widely understood among passengers does not worry me.

Are the partnerships understood among councillors? That is potentially a little disappointing. Perhaps that builds slightly on the pithy phrase from my hon. Friend the Member for Bexhill and Battle. Councillors really should know if their local authority is engaged in a partnership. It would be surprising and disappointing if that were not the case. As a general point, we should all take the opportunity to talk up the bus market.

I have toured many bus conferences and local markets over the past 21 months or so and it has been very good fun. I see an industry that is changing rapidly—we talked about the low emission changes earlier—but I do not think the changes are fully understood and appreciated by customers. Perhaps people have excluded themselves from the bus market in recent years and are unaware of how things have developed to offer them a much better product.

Part of what we have to do is go round and encourage people to use buses and just try it. We have a “catch the bus” week organised by Greener Journeys every year; that has been successful and is growing in momentum. I have participated in that wherever I have been able to do so—and that has been quite a lot—and I support more of that work.

I agree about partnerships being the bedrock of a good marketplace. It is about customers, and if councillors do not know about these matters, they certainly should.

*Question put and agreed to.*

*Clause 3 accordingly ordered to stand part of the Bill.*

#### Clause 4

##### FRANCHISING SCHEMES

**Andrew Jones:** I beg to move amendment 5, in clause 4, page 15, line 11, at end insert—

“But each of paragraphs (b) to (f) has effect only if the Secretary of State by regulations so provides.”

*This amendment enables the Secretary of State to control the bodies, other than mayoral combined authorities, that may introduce franchising schemes. The Secretary of State must make provision by regulations before county councils and other authorities in England referred to in paragraphs (b) to (f) may be franchising authorities.*

**The Chair:** With this it will be convenient to discuss Government amendments 7, 17 and 18.

**Andrew Jones:** Government amendments 5 and 7 reinstate the original provisions of the Bill to require authorities that are not mayoral combined authorities to apply to the Secretary of State before they can consider implementing franchising. The amendments will mean that only mayoral combined authorities will be able to access the franchising powers automatically. Amendments were made in the other place to provide automatic access to franchising powers to all authorities, regardless of the seriousness of their intent or their suitability to take franchising forward. The Government's view is that automatic access to franchising should be available only to combined authorities with directly elected Mayors because combined authorities with Mayors, when established, will provide clear, centralised decision making for transport across a relatively wide local area such as a city region.

**Gloria De Piero (Ashfield) (Lab):** Selston is a rural parish in my constituency. People have to turn down jobs in Nottingham because there is no bus service to get them back at night, and an elderly gentleman cannot get back from his beloved Nottingham Forest on a Saturday evening if there is a late afternoon kick-off.

[Gloria De Piero]

Why would my constituents have to apply to the Secretary of State to control their bus services and routes when others would not?

**Andrew Jones:** The hon. Lady makes a point about the value of local bus services. I agree that many people rely on them. Some communities are connected only via buses in the world of public transport. We are talking about automatic access—franchising is a significant jump for an authority that wishes to go down that route. I am quite relaxed about who franchises. We have a suite of powers and the Government are neutral.

**Julian Knight (Solihull) (Con):** I wonder whether the Minister is familiar with the experience of the future mayoralty in the west midlands. The Mayor will give accountability to the process and, effectively, big decisions will be made at that level. Local people can therefore have a better input into what happens across the whole region.

**Andrew Jones:** I was coming to the point my hon. Friend has made and made very well. Mayors will have access to significant budgets, which they can commit to bus services if they wish, and will be responsible and accountable for a decision to move to a franchising model. This is a question not of some areas having fewer rights than others, but of ensuring that the governance arrangements are in place when making that significant jump.

**Bridget Phillipson (Houghton and Sunderland South) (Lab):** The Minister has talked about the accountability that comes with a Mayor. Can he also talk about the guidance that accompanied the Bill and why Cornwall is regarded as an exception? I welcome all areas wanting to take on powers for franchising, but I cannot distinguish a difference between the north-east and Cornwall. I cannot see why Cornwall should be looked on favourably whereas the north-east would not automatically have those powers.

**Andrew Jones:** I will certainly address that, but first I will finish answering the point made by the hon. Member for Ashfield. When a village requires a service but does not have one, local authorities have the power to tender for services and subsidise them. The point is to get more passengers on to buses to make buses a much more sustainable, financially secure mode of transport. That is at the heart of the Bill.

Franchising is a significant step and attracted much of the attention within the industry as we developed the Bill. My personal view, as I have said, is that partnerships are at the heart of the Bill. I can imagine some areas choosing to go down a franchising route, and they can do so if they wish—it could be appropriate in some areas, and Greater Manchester, for example, has indicated throughout that it wishes to go down that route. Other areas, even combined authorities with Mayors, have indicated to me that they would be unlikely to go down that route, but we are keeping the access to that route open. That is because we have Mayors with significant budgets, and they have the responsibility and accountability.

Other authorities, such as Cornwall, should be able to have access to franchising powers where they are well placed to make franchising a success and where they have a clear plan to benefit passengers. We want to ensure that franchising powers can be made available to authorities that have the ability, the powers and, importantly, the funding to make a success of franchising, and where franchising will benefit passengers. The amendments therefore enable other authorities to access the powers, with the Secretary of State's consent, on a case-by-case basis.

It will help the Committee if I set out in more detail how we envisage things working in practice—that might address the concerns of the hon. Member for Ashfield. Last October, we published a draft policy statement setting out the sorts of factors that the Government would take into account when determining whether to provide an authority that is not a mayoral combined authority with access to franchising powers. We are clear that the Secretary of State will not take the final decision on whether franchising powers proceed in these areas, nor will he review every last detail of an authority's plans. Our statement set out the core requirements that we consider are necessary to implement franchising successfully.

Our intention is that authorities that wish to secure the Secretary of State's consent to pursue franchising will need to demonstrate that they have five things in place. First, they must have clear plans to use franchising to deliver better services and outcomes for passengers—this is about passengers, not process—and explain why those outcomes could not be achieved through other routes. Secondly, they should have sufficient powers to make franchising a success. Those powers could include control over local roads and parking or planning. An authority may have those powers itself, or it could explain how it will work with other authorities that have them. That might include, for example, the creation of a key route network of local roads across different authorities but under one management organisation and decision-making structure.

Thirdly, authorities need to demonstrate that franchising can be put into practice across the geography of the area, explaining why the area that they propose is appropriate—that will obviously be with reference to individual travel patterns. Fourthly, they must be able to demonstrate that they have the capability and resources to deliver franchising effectively. We will be looking for evidence of successful delivery of complex projects, previous commitments to improving public transport, sustainable local investment in transport schemes, and robust plans to resource a financing system.

**Gloria De Piero:** May I ask about a basic principle? In principle, would the Minister prefer bus routes and times of services to be dictated or set by elected politicians or bus companies?

10.30 am

**Andrew Jones:** It is not a case of one or the other. There will be different models in different places—I am quite relaxed about that. We cannot say that one is better than the other. I can see areas where there is a route to franchising; Manchester certainly feels that that would work for it. There are other areas where we have partnership working already and the decisions are made by bus companies that are seeing passenger growth.

I want to continue to have innovative bus companies seeing markets and opening up routes to take advantage of those markets, marketing their services and developing a product that was not there before. I have seen that in my constituency. It is not one or the other, but a mixture of both. I see quite a complex market with different providers doing different things, but at the heart of that I see collaboration and co-operation, which effectively will be built into the partnership powers.

I was explaining the criteria that we will consider for franchising. The final one of the five is that the authority will need to demonstrate that it has effective decision-making and accountability arrangements for its decisions on franchising. That relates to a point that was made by my hon. friend the Member for Solihull. Those arrangements should be transparent to local people and a named individual should take the decisions—it could be the Mayor or a council leader. That is what is likely to demonstrate accountability most clearly.

**Lilian Greenwood:** I completely accept what the Minister says about local elected politicians having to take responsibility for their decisions, particularly if they move into franchising. However, will the Minister explain something that I do not understand? If Nottinghamshire County Council, for example, wanted to provide better bus services, why is that not a decision it could take? It is accountable to the electorate through county council elections and can make many decisions about the local authority services for which it is responsible. Why is the provision of bus services through a franchising model different from every other decision that the local authority might take and for which it is accountable in the normal, democratic way?

**Andrew Jones:** Moving to franchising is a fundamental change that will affect potentially hundreds of thousands of people. It is not something that can be entered into lightly. Any decision to move to franchising can only be reversed in certain circumstances. It is therefore right that people know exactly how the decision to implement franchising was taken and by whom, so that there is clear accountability for such decisions at the ballot box. The policy statement we have put out does not absolutely require a single person to take the decision to implement franchising. Authorities are free to suggest alternative approaches and explain why they believe that they offer sufficiently high levels of transparency to the public. We would, however, be likely to require some persuading that a complex structure would be an appropriate route. I am trying to keep things simple, with a line of accountability, rather than make anything more complex.

I do not want to give the Committee the wrong impression. The hurdles that we are talking about are not designed to be impossible. The Government are not seeking to put barriers in the way of authorities that wish to go down the franchising route. I am quite neutral about the different types of model they will have access to. This debate is about who has automatic access and who has a further set of questions to answer before they get the powers to do so. I have just been detailing the criteria for that.

I can see examples where franchising will work, but I am putting my thoughts into the views of local authorities, which is not exactly in the spirit of what the Bill is trying to do. I can also see areas where it will be inappropriate, which is again putting my views on the

matter. That is not what the clause is about. It is about having a suite of powers so that local authorities and bus companies can come together to put more passengers on to buses, so that buses are no longer the Cinderella part of public transport that they have been, as Members have suggested today.

**Lilian Greenwood:** I thank the Minister for giving way; he is being very generous. What is the balance between a local authority choosing to go down the franchising route and a local authority taking completely the opposite view? I looked at the Campaign for Better Transport report yesterday, which shows the impact of some of the decisions that local authorities have taken. Local authorities can choose to remove all subsidy from all supported services, which seems to me a huge decision, but they can do that without asking the Secretary of State whether it is okay, yet if they want to introduce a system to improve bus services, they have to leap over the Minister's five hurdles. It seems disproportionate that to improve services they have to leap over five hurdles, but to remove all subsidy from local authority provided bus services, no reference to the Secretary of State is required. How is that a fair balance?

**Andrew Jones:** The hon. Lady makes an interesting point. We all know that councils are under financial pressures. I was a councillor for eight years, which included financial responsibility during the financial crisis of 2008 and the years to follow, until I came here. The point is that where councils make investments to subsidise services, those will be targeted interventions, usually to meet a particular need. It could be to do with the village that the hon. Member for Ashfield highlighted, for example. We all know that that happens around the country.

However, if an area moves to franchising, it affects the entire market, not an individual route. It is a significant jump of enormous scale that affects hundreds of thousands of people, so we are looking at having greater controls before councils have access to those powers. That is all this is about. It is not about taking the view that they should not go down that route or putting up impossible hurdles. These are sensible measures that give authorities a realistic chance of effective delivery of a franchising model. They are simply sensible tests.

Amendments 17 and 18 will ensure that two cross-references in schedules 3 and 4 are correct. The relevant regulation-making power will be in new section 123A(4) of the Transport Act 2000. The amendments make that minor change and are technical in nature.

We have had a conversation about the principles of franchising and we have made the case very clearly that the Government support franchising as a model and recognise where automatic access is appropriate. We also recognise that such is the scale of the decision that further tests are required before authorities have access to those powers.

**Bridget Phillipson:** Will the Minister say a bit more about the timescales for bringing forward the regulations?

**Andrew Jones:** I will check out the timescales. Our intention is bring all this through as quickly as possible, because there are mayoral combined authority elections

[Andrew Jones]

on 5 May, I think. That is no more than a few weeks away and it will be appropriate to have these things in place. Timescales will obviously be involved in setting up franchising schemes. We have built notice periods into some of the provisions in the Bill. I will be able to get some more information for the hon. Lady in a moment.

**Bridget Phillipson:** I understand the point the Minister is making about the areas where the powers will be available automatically, but will regulations also be brought forward for areas that do not have a Mayor and that will require the approval of the Secretary of State to commence the process?

**Andrew Jones:** We expect that the regulations will only be made if they are needed to turn on that type of authority. It would require an authority to apply, rather than the other way round. If an authority applies to the Government and makes it case, we can take that forward. It is not a question of the powers being there automatically; they would be there on an on-demand basis only.

**Daniel Zeichner:** As the Minister has indicated, the clause takes us to the heart of the Bill. We strongly welcome the opportunity for combined authorities with a Mayor to move to a franchised system. It has been the call of bus campaigners, including myself, for many years for areas to be able to adopt the London model. Finally, there is a real chance to make it happen. I will come on to my objections to limiting that opportunity only to combined authorities with a Mayor, but I will start by making it absolutely clear that, for those areas to which it is being offered by the Government, we want to ensure that it actually happens. As the Minister has indicated, with mayoral elections only a few weeks away, this is a key issue.

Those who have read the guidance closely have been alarmed by phrases such as the need to make “a compelling case”. The worry is that there will be opportunities, once again, to frustrate such schemes before they are brought to fruition. I certainly welcome the assurances given by the Minister on Second Reading when he was pressed on this point. I think he will probably assure us again this morning that he does not wish to put any hurdles in the way. That will be strongly appreciated by those who have done the devolution deals and expect the promise to be honoured.

Moving on to whether franchising should be available to other authorities, it is clear that Members of the other place felt that it should, hence their amendment. The amendments before us would enable the Secretary of State to control the bodies, other than mayoral combined authorities, that may introduce franchising schemes. They require the Secretary of State to give consent for such a franchising authority to take the preliminary step of preparing an assessment.

We have made no secret of the fact that we believe powers to franchise bus services should be available everywhere, partly for the reason raised by my hon. Friend the Member for Ashfield. Across the country people find that bus services are disappearing and that they are left completely isolated. Figures from the Campaign for Better Transport, year on year, show that more and

more councils are unable to support services in key areas. People’s hopes are being raised by the possibility that something can change.

I am sure Ministers would say that resources cannot be created out of thin air, but many of us would argue that there are resources in the system and they could be applied more comprehensively. That is what authorities are looking for—to be able to use levers that are not currently available to help people who are not able to get to their local town to watch the football, do the shopping and all the other things that people need to do.

**Gloria De Piero:** May I make a point about rip-off bus fares from private companies? I have a constituent who travels from Eastwood to West Bridgford, which is a journey of about 11 miles. She works in administration and earns about £15,000 a year. It costs her £9 a day to get to work and back. That sort of rip-off bus fare is why it is important that local politicians have some say over the bus services that companies are providing.

**Daniel Zeichner:** My hon. Friend is absolutely right. We heard a series of examples on Second Reading from across the country. That might come as a surprise to people who live in London, where we can travel across the city for a flat fare. Even though it went up considerably under the previous Mayor from a decade ago, it is still extraordinary value compared with the rest of the country.

I have to pay far more to go one stop when I am in Cambridge in an unregulated area than I do in London. That is why the London scheme has attracted people for so long. The opportunity to regulate the system has produced a better outcome. It is no wonder that citizens across the country are demanding parity.

**Bridget Phillipson:** On Second Reading, an unhelpful distinction was made at times between urban and non-urban areas. In an area such as mine, which is largely urban, albeit with some semi-rural areas, the bus service is appalling and holds back jobs. It affects people getting to work, businesses and a range of investment across the region. Government Members appear to think that everything is rosy in all urban areas. In a lot of urban areas, the service remains very poor with high fares. As is the case in the constituency of my hon. Friend the Member for Ashfield, it can be very expensive for people who are often on low wages.

10.45 am

**Daniel Zeichner:** My hon. Friend is absolutely right. That is why there is so much hope attached to the Bill and to the idea that we can go back to having a comprehensive local public transport system that delivers for people. The truth is that we have had a 30-year experiment with an unregulated market, the end result of which is exactly as my hon. Friends describe. This a chance to move forward. In some areas the Government are responding, but in many other parts of the country, it looks as if the hurdles will be too high.

The Minister talked about local decision making and accountability, saying that the Bill is about enabling new opportunities and giving local authorities new choices on how to improve their services. However, as has been said, taking the decision out of the hands of local

communities and putting it squarely in the Secretary of State's hands does not seem like localism to us. It seems particularly peculiar that a local authority must seek consent before taking even the preliminary step of preparing an assessment of a potential franchising scheme. How on earth can a local authority present a compelling case to the Secretary of State to gain approval if they are prohibited from even assessing a scheme?

We understand the Government's point that strong governance and accountability are key to making franchising a success, along with a commitment to improving transport and to a coherent economic geography. However, we do not understand—my hon. Friends have made this point well—why the Government believe that those things can only be achieved with an elected Mayor. Why are Mayors seen to be more accountable than other elected local authority leaders?

I turn again to my personal experience, because for some reason Cambridgeshire seems to be at the heart of many of these issues. In my area in a few weeks, we will have elections on the same day for a Mayor of Cambridgeshire, who will have powers to franchise buses, and for a county council for Cambridgeshire, with a leader who does not have powers to franchise buses. A great irony is that the current county council leader put himself up for selection for Mayor and made the final shortlist. Therefore, in a few weeks' time we could have had the same person being elected on the same day to two roles, one of which one would be deemed sufficiently accountable to franchise whereas the other would not. I am not going to tease the Minister by pressing for a reasonable explanation.

**Julian Knight:** The hon. Gentleman seems to suggest that all the power rests with the Mayor. In the West Midlands combined authority, the Mayor is effectively first among equals. The leaders of all the councils who make up the authority have a say in decision making.

**Daniel Zeichner:** Surely that is the case in other places as well. In my area the leader of the county council, who is a Conservative, has been elected and the choice will be made again in a few weeks' time—however, we shall see what happens in the local elections. I think the local electorate are confused about the situation, based on my experience of what we are seeing on the doorstep, but I think the Minister can see the point. For many people it seems irrational to have so much invested in the mayoral issue.

In reality, we all know what is going on: franchising is being used as a bargaining chip to convince some combined authorities to accept a Mayor that they do not necessarily want as part of their devolution deal. Without going into the chequered history of those negotiations over the past year or two, one could say that they have not always been easy or straightforward. We think that the approach being taken is wrong, which is why we oppose it. Beyond that—this goes back to the points being made by my hon. Friends—the trouble is that what is happening denies bus passengers in many areas the prospect of better services.

**Scott Mann (North Cornwall) (Con):** In Cornwall, the proposals are seen as very positive. Our local authority have made positive noises about the opportunities that

they could present. The hon. Gentleman talked about some of the mayoral authorities in Manchester but in areas such as Cornwall, the bus network has degraded over a number of years, and this presents us with a real opportunity to provide a proper rural service.

**Daniel Zeichner:** We do not disagree, but we do wonder. The hon. Gentleman will say that Cornwall is very special, and clearly something very special has happened. Some authorities seem to get different treatment from others. Our point is that everyone should be able to take advantage of the possibilities that such a system brings.

We have seen that it can work in different circumstances. The experience in Jersey, for instance, has shown that franchising can be successful if, to use the terminology, it is applied to a relatively wide local geography. Jersey has seen impressive results from franchising, including a 32% increase in ridership since 2013. Customer satisfaction has also increased, and a partnership has developed between estates and the operator.

I know that some say that franchising destroys competition, but we say no. Far from it: it moves competition from on the road to off the road. As we all know, in too many areas of the country, competition has ceased to be meaningful. Over many years, powerful operators have driven others out. We understand why they do not want that situation to be challenged—it is perfectly rational from their perspective—but on behalf of passengers, we know that it must and should be challenged. This is a key way to make it happen.

Small operators have made strong representations to many of us. They are clearly concerned about the possibility of being squeezed out. I am not sure that there is any reason why a franchise system would not benefit from a range of operators, including small operators. If it is to work over time, it absolutely needs a range of operators, or we are back to where we started.

I understand why smaller operators feel alarmed, but they are vulnerable the whole time to much more powerful bigger operators—I think we know who I am talking about—that could move in on them at any point. We do not want to return to a system in which we have an ossified estate across the country with very little competition or choice, and where the poor person stuck at the bus stop in Nottinghamshire feels not only that there is nothing they can do but that there is nothing anyone else can do on their behalf to change the situation.

**Bridget Phillipson:** I would like to illustrate the point that my hon. Friend is making about the north-east. The then Competition Commission referred to geographic market segregation in the north-east. The competition that was promised to follow deregulation has never materialised. There used to be lots of small operators, but they have long since vanished, the big operators having pushed them off the road. The competition that we were promised does not exist in the north-east; it certainly does not exist in my community. We need only look at the routes offered by operators to understand the market segregation. Any improvement would be welcome.

**Daniel Zeichner:** I agree with my hon. Friend. I am sure that the Minister is familiar with many of these arguments.

[Daniel Zeichner]

We reject the Government's amendment to limit local councils' powers to improve bus services for passengers. However, despite that—much of the debate on this clause has concentrated on the issue of whether franchising should be available to other parts of the country—I return to the positive point that we want those mayoral combined authorities that were promised franchising powers to have them at the earliest opportunity, just a few weeks from now. We are disappointed that the Government are seeking to overturn our extension of franchising powers to all authorities, but we will not frustrate the process or do anything that could delay the handing of those powers to the mayoral combined authorities that have been promised them.

**Bridget Phillipson:** It is a pleasure to serve under your chairmanship, Mr Nuttall. Like my hon. Friend the Member for Cambridge, who speaks from the Front Bench, I welcome the Bill and the measures that it introduces. I have spent a lot of time in my seven years here campaigning on bus issues due to the local problems that we face. Any changes to the current system are to be welcomed. I wish areas well with the automatic powers, as they proceed in improving services for local people. Of course I want that for my community, too. Although I understand the Minister's point that the steps that he described in the process are not intended to be hurdles too difficult to overcome, I hope that the Government will remain committed to delivering that.

Change has been a long time coming, and hopefully we are now getting there, but I hope that the Minister and his colleagues will see the measures through, particularly in areas such as the north-east. We have a combined authority covering seven local authority areas, with an integrated transport authority. We have Nexus, which the Minister will know has other powers, such as the operation of Tyne and Wear metro. We have an extensive network that in many senses works well. What we do not have is the powers we need to make sure that bus routes serve the needs of local people. That is not simply about making it easier for people to get around—although that would be wonderful, because it is not often very easy, frankly, to get around on local buses in my constituency—but if we are to thrive as a region and if we are to create the jobs and support the businesses and the growth that we all want to see, we need a transport network that allows that to happen. In too many parts of my constituency, where buses are the only means of transport, that is incredibly difficult.

To give one example, Doxford international business park in my constituency houses thousands of employees with many big international firms. I frequently visit businesses there, and employees, many of whom are shift workers, often tell me that it is incredibly difficult to get a bus after 8 or 9 o'clock. That holds back investment and makes it difficult to retain staff. Although the transport authority is looking at proposals to extend the Tyne and Wear metro, as I know my hon. Friend the Member for Cambridge is well aware, in the short term we need bus services that will allow people to get to work readily and inexpensively, which is not currently the situation.

On Second Reading, many of us talked widely about the failure of deregulation and the fact that it did not deliver on its promises. I will not dwell on that, other

than to say that, in the case of the north-east, on every test that was set out for deregulation back in the 1980s, deregulation has been an unmitigated disaster and has had the reverse effect to the one intended. More than 30 years on from all we were promised about greater efficiency, lower fares and greater passenger numbers, the opposite has happened in the north-east. We have got less competitive services that are less efficient, more expensive and less convenient for the people I represent. Of course, it has given operators the freedom to do exactly what they like, when they like, at a time when we put tens of millions of pounds into local bus services.

Operators receive significant taxpayer subsidy with little accountability, and when things go wrong and operators cut routes arbitrarily with little notice, often affecting the most vulnerable in our community, there is no recourse. We can have dialogue with the operators—I meet them regularly to make the case—but ultimately it is an entirely commercial decision over which local people have no say. It is a source of real frustration that when minor changes to routes can result in local people being cut off from hospital services, GP appointments and the ability to get to local shopping facilities or schools, the operators can say, "We've heard what you had to say; unfortunately, we are pressing ahead regardless," and there is no opportunity for local people to influence that in any meaningful sense.

We are talking not simply about routes that are unprofitable, but usually about the fact that they are not profitable enough. Outside London, big operators such as Stagecoach have made considerable profits, far greater than they make in London. I do not seek to deny operators the right to make a profit. My point is that they make a decent profit in areas such as London under a regulated service; they could do the same in the north-east. The profit margins would perhaps not be quite as high and would not be the double digits that they are used to—no one would seek to stop them running a competitive or profitable service—but if we are going to give them significant taxpayer money, the least we can expect is that they take on board the concerns of local people and use that wisely.

**Julian Knight:** The hon. Lady is making a very good speech and I sympathise in many respects about the lack of accountability when bus service routes are cut; my constituency has suffered in the same way. Does she agree, though, that this is almost an argument for combined authorities and Mayors, with their buying power, and the idea that they can bring these companies to heel, through their powers and through the threat, for example, of removing the franchises?

**Bridget Phillipson:** The inconsistency in the Government's approach is the patchwork way in which they have brought about these different devolution deals. From what the Minister had to say earlier, I am still none the wiser, really, why Cornwall presents an exceptional case when an area such as the north-east does not. We have a combined authority; what we do not have is a Mayor. I believe there should be accountability and that can come in many different forms. In the west Midlands, it will come through the election of a Mayor; in the north-east, it was a widely held view that a Mayor would not offer that same accountability and there was not broad support for a Mayor covering such a big region. However, we do have a combined authority and

an integrated transport authority, and we have the structures in place that will make franchising work and give local people the confidence that there will be accountability in the process. That will differ, but I have difficulty in understanding why different models are acceptable in different parts of the country, other than for the obvious political reasons that spring to mind.

11 am

**Scott Mann:** In terms of Cornwall and what is being raised at the moment, I want to be clear. Do you have a devolution deal for your area?

**The Chair:** Order. We cannot have that conversation.

**Scott Mann:** I just think it might be relevant to know whether you have one. Cornwall does already; that might be the reason for the position that we are in.

**Bridget Phillipson:** Yes, the north-east has a combined authority. It has gone through the process of further devolution. The sticking point was the Mayor. As I understand it from the Government's guidance, the difference with Cornwall is that bus franchising was agreed to as part of that devolution deal. Unfortunately, that was not on the table for the north-east. I wish Cornwall well and am glad that it will have those powers. I ask only for a bit of parity, so that we in the north-east get the powers that Cornwall will enjoy. That is symptomatic of the Government's patchwork approach to devolution, which is borne out not by different local circumstances, but often simply by reaching convenient deals depending on the politics of the situation, rather than ensuring that the best service is delivered for all people.

I ask the Minister to talk a bit more about the difference in approach, because I do not fully grasp why the north-east should not have those powers. Though I take on board his point that unnecessary hurdles should not be put in the way, I am concerned that, to start the process, we will require that approach from the authority. If that case is put forward, I hope that it will not be something that the Department and Ministers seek to frustrate, because the issue is important for the people I represent.

This is a welcome step. Bus services are incredibly important for our country. We mention them too little, although I have tried to play my part in the past few years in talking about them at every given opportunity. The people I represent have only buses to rely upon; they have no access to rail or light rail. Getting this right, and having a system that is fair and works for everybody, is absolutely vital. I hope that Ministers are sincere in their commitment to ensure that areas that seek out these franchising powers will be able to do so, that their case is considered carefully and seriously and that we do not seek to frustrate a process that would lead to real benefits for areas such as the north-east—and not simply in terms of individual routes or services. If the Government are genuine in their commitment to create the so-called northern powerhouse and to see areas such as the north-east thrive and reach our economic potential, we need these powers to deliver real change. We need to link buses to other forms of transport so that we can have tickets and fares that work across all operators, which we do not have at the moment. We need routes where local people can have a say.

The Minister talked about investment in lower-emissions vehicles and has talked previously about investing in smart ticketing. Again, I welcome those steps; but were it not for significant taxpayer investment, that would not have happened in areas such as the north-east. Some of the smart-ticketing schemes that he has come to see in Tyne and Wear came about through taxpayer investment. I welcome that, but bus operators will rarely do these things out of the goodness of their hearts. Where we have significant investment from the taxpayer, it is right that we ensure there is value for money and accountability. I hope that I can work with the Minister and others in the region to get the best possible deal for the north-east, that he looks carefully at what the transport authority may wish to put forward in the months ahead and that we can reach a solution where local people get the service they need and our economy is supported to grow.

**Graham Stringer:** I agree completely with my two hon. Friends. I will try not to repeat the excellent points they have made. I have a nuanced difference with my hon. Friend the Member for Houghton and Sunderland South when she says that the objectives of the Transport Act 1985, which deregulated buses, were the same as the objectives under discussion today. I have been around long enough to have talked to the people who advised the Government and drafted the Bill that eventually led to deregulation, and there is no doubt that they were ideologically driven. They had no idea what the outcome would be when they proposed the deregulation process. They had a belief, which has turned out not to have come to fruition, that if we had competition on the road, that would lead to a better outcome.

The evidence that I, as a member of the Transport Committee, have seen and individual right hon. and hon. Members will have seen—this is worth bearing in mind during the whole debate—is that over the 31 years that it has been there, the deregulated bus system has been a disaster for many bus users. It will be possible to find small instances up and down the country of bus services having improved, but in the overall scenario there has been a dramatic fall.

It is worth considering how we got to the current hotch-potch of schemes. The Government, in the form of the right hon. Member for Tatton (Mr Osborne), who was then Chancellor of the Exchequer, wanted elected Mayors as part of the drive to get the economic potential out of our major urban regions, which have been neglected since even before bus deregulation took place. By and large, most councillors whom I know do not like the idea of elected Mayors. It is not a fashionable thing to say at the moment, but I agree with the right hon. Member for Tatton that elected Mayors are an improvement in the democratic process, because they provide a focus for accountability. However, should that really be the only criterion that we use to determine whether locally elected people can have the powers to improve their bus services? I think that it is a very odd criterion to use. The six areas that have got the powers have done that deal—they have negotiated with the Government—and we have ended up in the situation we have. In supporting the Bill, I respect that deal, but it does allow us, during this debate, to reflect on what we are losing or not gaining during the process.

[Graham Stringer]

We are losing the opportunity genuinely to devolve powers and improve bus services. If only the Minister, who is a completely reasonable man, had been there 31 years ago, we might not have ended up in this situation, in which he has to defend centralism in the name of devolving to authorities.

I listened carefully to the five points that the Minister made which local authorities that want the powers will have to observe. I ask him whether any council or councillors who wanted to re-regulate buses via a franchising system would not have to follow those rules anyway. Would they not have to show that they had the necessary resources and that there was clear accountability? Would they not have to consult? Would they not have to know what area they were dealing with? Would they not have to have an effective decision-making process and to show that the plans were sustainable? If they did not do that, they could be challenged in the courts.

The reality is that it is not just councillors who do not like the idea of elected Mayors. The bus industry does not like the idea of franchising. It is not that we are losing competition—the fact is that the large companies are operating without competition in many areas. The measure introduces competition off-road, probably more efficiently and effectively, and the bus companies do not like it.

If an authority that has been granted the powers to bring in a regulated franchise system does not follow the rules, the bus companies would be straight in front of the courts claiming that councillors had not carried out their proper responsibilities or their fiduciary duties and there would be a judicial review. I have talked to bus companies, which have been looking at the Human Rights Act 1998 and all sorts of ways to try to stop this process. In a sense, the Minister is making bricks without straw.

I do not think that the reasons that have been given are good enough to carry on centralising. Another belief underlying the Bill is that somehow elected politicians and officials at a central level are somehow more competent and effective than elected councillors and officials at local level. Can the Minister give evidence of that?

If we look at the huge mistakes that central Government have made—I could just go through different computer schemes without looking at other areas—it is extraordinarily difficult to make the case that centralism works better than localism. This is not a party political point; it is a point about decentralisation. I have been around local government and central Government long enough to know that there are enormous differences in quality at both levels. Some councillors, to put it politely—I could use offensive words—are not as effective or as good as they could be. I have also met Ministers and civil servants at a national level of whom the same could be said. In principle, it is better for people closer to the ground to be able to make those decisions. We are where we are in the negotiations, but if the Minister is serious about devolution, that is where we should end up.

If this is really a Bill about devolving power, will we end up with more civil servants working on these programmes? There are pages and pages of guidance. If we ask for all sorts of consultations that would happen

at a local level anyway, are we not just switching resources in a wasteful way to central government? I know why we are where we are on this. There was a negotiation to get what local authorities in certain areas knew they needed—better bus services—and the objective of the then Chancellor of the Exchequer was, as he saw it, to improve the structure of local government to make it more economically dynamic.

The Bill allows us to shine a light on what has happened in the bus industry, which has lost two-thirds of passengers in urban areas. By allowing decisions to be made locally, we could achieve a more immediate improvement in bus services in all parts of the country. If the electorate's representatives want it, presumably it would mean that the electorate in those areas want it. There may be some areas that do not want it, but that should be a local matter.

11.15 am

**Andrew Jones:** There are many points to reply to, but I want to highlight some data about bus usage. This is to challenge the assumption that somehow in the mid-1980s—I am not quite sure when it was but the hon. Member for Blackley and Broughton was very generous: I was either at university or working for B&Q—that precipitated a decline in the bus industry. I just do not think the evidence supports that.

If we go back to the 30 years prior to deregulation in, say, 1985, between 1955 and 1985, the number of passenger journeys fell by 2% per year, from 15.5 billion a year to 5.5 billion. Since deregulation—and I accept that numbers have continued to fall—it has fallen at an average rate of 0.2% per year. On the idea that deregulation was the cause, those responsible for deregulation would probably argue that they stopped a precipitate decline. We should not get too worried about archaeology; we should be more concerned about what we can do for the future.

**Gloria De Piero** *rose*—

**Graham Stringer** *rose*—

**Andrew Jones:** Oh my goodness, I thought I was being helpful.

**Gloria De Piero:** Does the Minister know the figures for London? I am just interested.

**Andrew Jones:** No I do not, but I am sure they are available if we go and check. I was only trying to clarify something and provide extra information to help our debates.

**Graham Stringer:** I can possibly help the Minister on this point. I was referring to a number of Transport Committee reports that pointed out what he said: the bus industry was in decline because we had cheap petrol and for all sorts of other reasons. However, a straight comparison can be made from 1985 to 1999 between London—regulated—and the rest of the country. The lines went in the same way, but when the regulated system, without subsidy most of the time, was left in London, passenger numbers remained the same, whereas passenger numbers in the rest of the country went into sharp decline.

**Andrew Jones:** I am aware we are seeing different trends in London and in cities, but London has extraordinary and acute transport needs. Planet London is quite different from many other parts of our country.

I will address some of the points that have been made. The hon. Member for Houghton and Sunderland South spoke with great passion about the importance of buses in her area. We agree on this matter. In the north-east, there was a challenged attempt to get a quality contract in place, and a lot of resource went into that. However, the legislation was cumbersome and nobody managed to achieve it, so we will repealing it as part of this process.

The question that arose in a number of places was whether we are approaching this with good faith. I can confirm that we are. We are not seeking to put barriers in place. I have met Nexus on a number of occasions and I support its positive ambitions for the area in the metro and on buses. Our door is open, should it wish to take that up.

We have heard a bit about the very interesting bus market in Cornwall. Apart from living in an important and beautiful part of our country, people have a real passion for their bus market, as my hon. Friend the Member for North Cornwall said. The authority will not have automatic access to franchising powers, but it is a good example of an authority that the Government would consider to be highly likely to demonstrate the factors we discussed. It is a unitary authority that covers a wide geography, with the necessary wider powers to improve bus services. It has a good track record of delivering projects, and it would be free to apply to the Secretary of State, just like any other authority. Is there parity between the north-east and Cornwall? Yes—both are free to request that the Government introduce regulations for that category of authority, if such regulations are not available at the time, then go further to seek the Secretary of State's consent to proceed with franchising powers.

**Bridget Phillipson:** I am grateful for and appreciate the Minister's earlier comments, but may I refer him to the guidance that accompanies the Bill, of which he is no doubt aware? It guidance makes it clear that during negotiations with the Government, Cornwall made a strong case for franchising powers and, as such, the Secretary of State is minded to grant them. Although Cornwall can go through that process should it wish to do so—I wish it well if that is its approach—the north-east does not have that same commitment, so although what the Minister says is right, there is a subtle distinction between the two areas. I welcome what the Minister has said and I look forward to the north-east being granted similar consideration.

**Andrew Jones:** The door will most certainly be open. We do not seek to put barriers in the way. The whole point about the Bill is that it is an enabling one. My last conversation with Cornwall suggested that it probably would not go down the route of franchising, so it may not seek to make an application to the Secretary of State. However, it has done something interesting with its bus market, which is why Cornwall gets a lot of

attention. A partnership has been established with the primary local provider in Cornwall—FirstGroup, I think—which has changed networks and routes and co-ordinated services. We are seeing the company invest in a new fleet, and patronage on the bus network has grown and the market has become profitable. Cornwall is an interesting example of what can be achieved by working together, which is why the authority is often discussed and held up as a poster area for the marketplace. Interestingly, it is using some of the powers in the Bill before we have got to the Bill, but not necessarily in the franchising area.

**Lilian Greenwood:** Does the Minister not believe that the fact that Cornwall would potentially have the use of franchising powers may have assisted it in the partnership negotiations? The very fact of having access to powers can be enormously important in assisting an authority, perhaps in getting a bus company to listen in ways it would not otherwise do.

**Andrew Jones:** That is a possibility, and it would, of course, be a possibility that would exist absolutely everywhere.

**Lilian Greenwood:** Not if there are no automatic franchising powers.

**Andrew Jones:** Cornwall does not have automatic franchising powers, but it could apply for them in the same way as all other authorities. That goes a bit towards the national versus local capability that the hon. Member for Blackley and Broughton mentioned.

My general view is that we should support localism. We stand a better chance of a good delivery of a service to solve a local problem if the decision is made as near as possible to the point at which the service is delivered. The service would be tailored to the local need. That should be a basic principle, but does it lead us to question the criteria? No, because the criteria for the introduction of franchising are significant—this is a significant step. They are safeguards; it is not about putting barriers in the way but about ensuring that everything is fit for purpose in order to proceed. The key point is that we do not want to stifle investment by the bus industry, and that could well happen if an authority attempted to pursue franchising under automatic powers without delivering it. Once a category of authority has the powers, there is a permanent risk of its deciding to use them, whatever a court may ultimately decide. It is a question of getting the balance right and getting the safeguards in place without making them onerous hurdles.

The hon. Member for Cambridge said that there is hope attached to the Bill. Yes, in some ways there is. People want buses. It is a good thing. I have to say that I have been pleased to see how the industry has received more retention, not just among the big operators but from some of the smaller ones—

11.25 am

*The Chair adjourned the Committee without Question put (Standing Order No. 88).*

*Adjourned till this day at Two o'clock.*



# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### BUS SERVICES BILL [*LORDS*]

*Second Sitting*

*Tuesday 14 March 2017*

*(Afternoon)*

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CLAUSE 4 agreed to, with amendments.  
CLAUSES 5 AND 6 agreed to.  
SCHEDULE 2 agreed to, with an amendment.  
CLAUSES 7 AND 8 agreed to.  
SCHEDULE 3 agreed to.  
CLAUSE 9 agreed to, with an amendment.  
CLAUSES 10 TO 15 agreed to.  
Adjourned till Thursday 16 March at half-past Eleven o'clock.  
Written evidence reported to the House.

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No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

**not later than**

**Saturday 18 March 2017**

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**The Committee consisted of the following Members:**

*Chairs:* †ALBERT OWEN, MR DAVID NUTTALL

- |   |  |
|---|--|
| † Ansell, Caroline ( <i>Eastbourne</i> ) (Con)                                  | † Phillipson, Bridget ( <i>Houghton and Sunderland South</i> ) (Lab) |
| † Dakin, Nic ( <i>Scunthorpe</i> ) (Lab)  | † Robinson, Mary ( <i>Cheadle</i> ) (Con)                            |
| † De Piero, Gloria ( <i>Ashfield</i> ) (Lab)                                    | † Spencer, Mark ( <i>Sherwood</i> ) (Con)                            |
| † Freer, Mike ( <i>Finchley and Golders Green</i> ) (Con)                       | † Stringer, Graham ( <i>Blackley and Broughton</i> ) (Lab)           |
| † Green, Chris ( <i>Bolton West</i> ) (Con)                                     | † Tracey, Craig ( <i>North Warwickshire</i> ) (Con)                  |
| † Greenwood, Lilian ( <i>Nottingham South</i> ) (Lab)                           | † Zeichner, Daniel ( <i>Cambridge</i> ) (Lab)                        |
| † Jones, Andrew ( <i>Parliamentary Under-Secretary of State for Transport</i> ) |  |
| † Knight, Julian ( <i>Solihull</i> ) (Con)                                      | Kenneth Fox, Juliet Levy, <i>Committee Clerks</i>                    |
| † Mann, Scott ( <i>North Cornwall</i> ) (Con)                                   |  |
| † Merriman, Huw ( <i>Bexhill and Battle</i> ) (Con)                             | † <b>attended the Committee</b>                                      |

# Public Bill Committee

Tuesday 14 March 2017

(Afternoon)

[ALBERT OWEN *in the Chair*]

## Bus Services Bill [Lords]

### Clause 4

#### FRANCHISING SCHEMES

*Amendment proposed (this day):* 5, in clause 4, page 15, line 11, at end insert—

“But each of paragraphs (b) to (f) has effect only if the Secretary of State by regulations so provides.”  
—(*Andrew Jones.*)

*This amendment enables the Secretary of State to control the bodies, other than mayoral combined authorities, that may introduce franchising schemes. The Secretary of State must make provision by regulations before county councils and other authorities in England referred to in paragraphs (b) to (f) may be franchising authorities.*

2 pm

*Question again proposed,* That the amendment be made.

**The Chair:** I remind the Committee that with this we are discussing Government amendments 7, 17 and 18. I call the Minister to pick up where he left off in his reply to this morning’s debate.

**The Parliamentary Under-Secretary of State for Transport (Andrew Jones):** If we had been paying more attention, at 24 minutes past 11 I would have said that we were done, that we had had a good debate on the issue and should now proceed to a vote. I think I have said all I need or wish to say on the issue. I hope I have answered colleagues’ questions about the principles of franchising and access to franchising, which will be a feature of our bus market. We have built in to the Bill safeguards of accountability and preparedness of local authorities, as well as protection for small and medium-sized companies.

**Lilian Greenwood** (Nottingham South) (Lab): Will the Minister give way?

**Andrew Jones:** Yes, go on then.

**Lilian Greenwood:** The Minister is characteristically generous. During the break, I reflected on the points made by my hon. Friend the Member for Houghton and Sunderland South. The Minister has been clear that franchising should be one of the options available, particularly to mayoral authorities, in trying to deliver for passengers. He put passengers at the heart of the matter. Will he take this opportunity to condemn the language used by one of the major operators, who described local authority leaders who were trying to improve passenger services as “a bunch of unreconstructed Stalinists”? Does the Minister agree that that is unhelpful language when referring to local authorities that are seeking to do the best for their constituents?

**Andrew Jones:** I do not know who said it, the context or to whom they said it. As a general principle, I suggest that constructive engagement and partnership is part of the way forward. People need to find their appropriate personal language that will help that to be achieved.

**Nic Dakin** (Scunthorpe) (Lab): The Minister has been most generous in taking interventions. It is great to serve under your chairmanship, Mr Owen. Before he took the intervention from my hon. Friend, the Minister said that there is protection for small and medium-sized companies in the Bill. Will that cover companies such as Hornsby Travel, which has celebrated 100 years as a small family business doing excellent work in my constituency and the north Lincolnshire area, and is concerned about the impact of franchising on its capital, stock and drivers?

**Andrew Jones:** That protection would certainly encompass companies such as the hon. Gentleman describes. In many parts of the country there are excellent family-owned businesses that have been serving their communities for a long time with high-quality product and are much liked by their customers. I see them as having a significant role in the bus industry, whichever regulatory model is chosen by local authorities on a local basis. I most certainly do see that as part of the picture. That concludes everything I have to say on Government amendment 5.

*Question put,* That the amendment be made.

*The Committee divided:* Ayes 10, Noes 6.

### Division No. 2]

#### AYES

Ansell, Caroline	Mann, Scott
Freer, Mike	Merriman, Huw
Green, Chris	Robinson, Mary
Jones, Andrew	Spencer, Mark
Knight, Julian	Tracey, Craig

#### NOES

Dakin, Nic	Phillipson, Bridget
De Piero, Gloria	Stringer, Graham
Greenwood, Lilian	Zeichner, Daniel

*Question accordingly agreed to.*

*Amendment 5 agreed to.*

**Daniel Zeichner** (Cambridge) (Lab): I beg to move amendment 19, in clause 4, page 15, line 24, at end insert—

“(6A) The terms as to standard of service that may be specified include terms about bus punctuality and bus journey speeds.”

*This amendment specifies that a local service contract may require bus operators to meet standards of service including terms about bus punctuality and bus journey speeds.*

**The Chair:** With this it will be convenient to discuss amendment 20, in clause 4, page 15, line 45, at end insert—

“(12) A local service contract may require that new vehicles delivering local services are equipped with Wi-Fi if the vehicle comes into service after 1st April 2019 and that existing vehicles are equipped by 1st April 2022.”

*This amendment specifies that a local service contract may require new vehicles delivering local bus services to be equipped with Wi-Fi after a specified period.*

**Daniel Zeichner:** It is a pleasure to serve under your chairmanship, Mr Owen. I have already referred to the fact that although the Bill is welcome, there are many issues that affect our bus services that it does not address. Our amendment 19 specifies that the standards of service that a local service contract may require bus operators to meet should include certain levels of punctuality and journey speeds.

As we all know, the resources available to traffic commissioners, who are currently responsible for enforcing punctuality, are woefully inadequate. Despite their honest endeavours, it would be hard to argue that the current system works. One of the highlights of my relatively short time as a Member of Parliament was visiting my local traffic commissioner. I am not sure whether other hon. Members have made the same journey, but meeting a traffic commissioner is an extraordinary thing, because they are relatively invisible to the wider public. They do a difficult job with very limited resources. Although, obviously, my traffic commissioner believes the system works perfectly, I think many independent observers would say that it does not do all that it is expected to do. It is not just those observers who think that; the industry clearly believes that congestion is a major problem and a key challenge.

There is compelling evidence, some of it compiled by Professor David Begg and Greener Journeys, that congestion is actually getting worse and journey times are increasing. That of course leads to greater cost, because more buses are needed on the road to maintain service frequency. What is worse, because journey times are longer, passengers quite rightly get increasingly frustrated—we even see that in London, I am afraid—and as frustration rises, people vote with their feet and turn to other modes of transport. All that of course leads to higher costs, which in turn lead to higher fares, which potentially lead to a spiral of decline.

There is absolutely no doubt that journey times and punctuality are really important. We believe that the Government should address that serious issue, but we are not convinced that the Bill does so effectively. Greener Journeys suggests that the Bill should set guidance encouraging local authorities and bus operators to set targets for average bus speeds by making them a requirement of schemes. Reducing journey times would have the twin benefits of reducing congestion on our roads and improving bus reliability, with positive knock-on effects for both our environment and bus patronage. If buses run more quickly and are more punctual, more people want to use them. It is a virtuous circle—the opposite of the spiral of decline that I just alluded to. It is that simple. We believe it is important that that goal is specified in the Bill.

Although the draft regulations recommend that authorities consider trends in journey speeds when assessing their business case for a franchising scheme, there is no mention in the Bill of journey speeds or punctuality. The Bill does specify that

“a reduction or limitation of traffic congestion”

should be a likely outcome of both advanced quality partnership schemes and enhanced partnership schemes, but strangely that aspiration is not included in clause 4 for franchising schemes. We assume that is an oversight.

We are pleased that the Government amended the Bill to specify that the standards of service that may be specified in all schemes—advanced quality partnership

schemes, franchising schemes and enhanced partnership schemes—include requirements about emissions or types of fuel or power, but we do not believe that that goes far enough to tackle declining bus journey speeds in this country.

Amendment 20 deals with free wi-fi access. The Department for Culture, Media and Sport recently—in fact, on the very day that the Bill received its Second Reading—released its digital strategy. Regrettably, that document is rather short on ambition for our digital infrastructure, and it is revealing about the lack of a connected approach across Government that the strategy lacks creativity about how that infrastructure can be delivered and how we can drive change. That lack of a connected vision was criticised as recently as December by Lord Adonis, who chairs the National Infrastructure Commission. That is why we have tabled the amendment, which I hope will improve passenger experiences and provide a step change in public access to free wi-fi. The benefits of public internet access are abundantly clear—indeed, they have been clearly stated by the Government in their digital strategy, which said:

“The UK’s digital infrastructure must be able to support this rapid increase in traffic, providing coverage with sufficient capacity to ensure data can flow at the volume, speed and reliability required to meet the demands of modern life.”

Pioneering cities such as Newcastle and Sheffield are offering free public wi-fi, the uptake of which is proving the old maxim that, if you build it, they will come. We need not look far to see other examples of success on our bus network. Award-winning Nottingham City Transport buses already offer free wi-fi, helping people to stay connected and definitively proving that, with a vision and a strategy, it can be done. It is not only the provision of free wi-fi that is so encouraging to see but the capacity that has been provided for users. It makes available 50 to 100 megabytes per device, which is far above the Department for Transport’s stipulated requirements for the rail network.

Those forward-looking councils have realised that ubiquitous connectivity will become an essential requirement of modern infrastructure in years to come, and are helping to build that infrastructure in creative ways and provide it free of charge to citizens, recognising that the net benefits outweigh the initial outlay.

**Lilian Greenwood:** My hon. Friend mentioned the free wi-fi on Nottingham City Transport buses. It may be useful to say, if he did not already know, that free wi-fi is installed on 100% of its fleet. Does he agree that, as the Government have made it a condition of rail franchises that wi-fi should be provided on future franchises, it would be even-handed were a similar requirement to be placed on bus operators? Rather than it just being something enjoyed by rail passengers, it should also be something that bus passengers have the opportunity to use.

**Daniel Zeichner:** As ever, my hon. Friend is both wise and prescient, because that was just about the next point I was going to make. She is absolutely right. In fact, we do not need only to look at councils to see arguments in support of the amendment; the arguments have effectively been inadvertently made by the Government themselves. They argued in the digital strategy that commuters expect good connectivity; of course, they were referring to the rail network, but the same surely

[Daniel Zeichner]

applies to buses. We know that more journeys are taken by bus each day than by train. It seems odd to exclude those commuters who travel by bus from the roll-out of free wi-fi that is taking place as rail franchises come up for renewal. The roll-out is slow and has been rightly criticised for not matching the data requirements that all rail commuters need, but it is welcome that it is taking place at all.

Buses reach a different demographic from trains—particularly the young and those in education, who happen to be the demographics that use data most of all. Recent Ofcom research found that young people spend 24 hours a week online—it may seem like 24 hours a day, but it is per week. They consume data and take on information at a phenomenal rate, so there can be little doubt that the amendment will serve a purpose. In an answer to a question from my hon. Friend the Member for Sheffield, Heeley (Louise Haigh), the Government admitted that they do not yet collect data on free wi-fi available on buses. However, it is clear that provision is patchy at best, in spite of the clear public benefits.

I anticipate a number of the arguments the Minister may make in defence of the status quo. The first may be that the increasing speed and access to 4G is rendering the need for public wi-fi less important. However, that argument falls down on two key fronts. First, ubiquitous access to 4G is far from a reality for many millions of consumers in urban and rural areas alike. Secondly, patterns of data usage prove that consumers overwhelmingly prefer to use fixed wi-fi to access and consume their data requirements. Yes, mobile data has seen a 600% increase since 4G technology came into public use, but interestingly, the “Connected Future” report by the independent National Infrastructure Commission found that 80% of data usage is still consumed over wi-fi.

On the go, we access data for our emails, to conduct video conferencing via emergent apps and to stream TV, radio and Netflix—in short, to go about our daily business on what has become the fourth utility: internet connectivity. That means that by the end of the month many of us have to top up our data and spend yet more money on what should be considered an essential. However, in many areas even that ready access to data remains a luxury, as 4G coverage in Britain remains in the international slow lane, behind countries such as Albania and Latvia. Lord Adonis said that coverage needs to be meaningful, and by coverage he meant access in the home, at work and on the go. The current binding commitments will not deliver that ubiquitous level of data coverage for quite some time.

2.15 pm

Seamless high-speed connectivity has to be the goal and free wi-fi on buses will help to deliver that. That is why I urge the Government to include in franchising agreements as they come up for renewal a commitment by the operators to deliver free wi-fi on buses. Councils have shown that it can be done; the Government have said that it should be done. I urge the Government to get on with it.

**Graham Stringer** (Blackley and Broughton) (Lab): It is a pleasure to serve under your chairmanship, Mr Owen, for what I think is the first time.

I will speak briefly to amendment 19. Punctuality and reliability are extremely important, as my hon. Friend said, in persuading people to continue to use buses and attracting people back on to them. The problem is that on many occasions it is difficult to know why the bus does not turn up or is late. Bus companies blame congestion—which is, no doubt, part of the problem—for affecting their reliability and punctuality, and they ask for more privileged use of public sector road space via bus lanes. I do not completely accept that, because the last time I looked at hard statistics—I would be interested if the Minister had up-to-date statistics—I found that about a third of reliability problems were to do with bus companies not maintaining their vehicles properly, resulting in mechanical breakdowns, and another third were due to drivers not turning up and there being no reserve pool to deal with that. It is obviously in the commercial interests of bus companies, and perhaps, on many occasions, of bus passengers, to have bus lanes, and each case should be considered separately against agreed criteria, but we really need to know why things are going wrong.

This is a slightly historical case, but some years ago the FirstGroup buses in Rochdale were in such poor condition that the wheels fell off while they were going along. The traffic commissioner wrote a report about it and the company was fined. FirstGroup does not therefore have a great record. It is also the case, not just anecdotally—there is some evidence, and even more anecdotal evidence—that when buses are delayed for whichever of those three major reasons, they do not complete the route. They take shortcuts. It would be in the interests of public service if each bus had to carry a GPS, so that under the deregulated system, and more so under a franchised or an enhanced quality partnership, the taxpayers and the local transport authority could know where the buses were at any particular time. I would be interested in hearing whether the Minister thinks that all buses being required to carry GPS, and have its information made public, would help our understanding of what is happening to bus services.

**Andrew Jones:** Amendments 19 and 20, tabled by the hon. Members for Cambridge, for Nottingham South and for Scunthorpe, propose that the Bill explicitly state that bus punctuality, journey speeds and the provision of wi-fi are standards that an authority could specify as part of a franchise contract. Any authority that chooses to implement franchising will be free to determine which services run in an area and the standards of services, including those important matters. Authorities will have to consider as part of their assessment of the proposed franchising scheme whether the proposals represent value for money and are affordable, taking into account the costs of requiring those standards.

I think we all agree that the provision of wi-fi on buses is an extremely attractive prospect for customers. I entirely agree that where an authority wants to require the provision of wi-fi on services, it should be able to do so, and the Bill allows for that. In terms of bus punctuality and journey speeds, there is nothing in the Bill to prevent an authority from specifying the standards it expects from operators running services under franchise contracts.

I was asked about journey time guidance. We said to the Transport Committee that we would produce guidance on setting journey time targets. We intend to do that, though I recognise, as the hon. Member for Cambridge rightly said, that the guidance is not yet drafted.

The provision of customer information was at the heart of the contribution from the hon. Member for Blackley and Broughton. He is right; customers do not always have access to the level of information that is desirable to let them plan their journeys or be communicated with should there be a problem. The Bill includes clauses on open data, and making information available will hopefully create fantastic new products through which customers can receive that information. The open data powers in clause 18 are sufficiently broad to require real-time information for all buses to be provided. That requires GPS on the buses.

I would like customers outside London to have access to the information that is available to bus customers within London, but the amendments would make provision for something that is already provided for. This is about local decision making, rather than making things mandatory. I assure the hon. Member for Cambridge that the Bill already gives franchising authorities powers to set the standards he seeks, and I hope he will therefore withdraw the amendment.

**Daniel Zeichner:** I suspect we will rehearse some of our previous arguments about whether decisions should be made at the centre or locally. Earlier, we heard about the incredibly prescriptive approach that the Government are taking to allowing local authorities to franchise; now we are told that on this issue, the Government are quite happy to leave it to local authorities to make up their own minds. I suggest there are some inconsistencies here, exactly as we discussed in relation to driving up environmental standards.

The amendment is about ensuring we get the kind of connectivity, and particularly wi-fi connectivity, that we all agree the country needs. That is not just something we would like to have. Sadly, in the modern world, although we are enjoying ourselves as well, we are often working while we travel around. For Britain to prosper in the 21st century, we need connectivity. If we leave it down to local negotiations, the operators will almost inevitably say, “This is going to raise the cost by a little bit,” which will make it harder for the franchising authority to insist upon it. We can stop that happening by specifying the key things we believe are needed. Wi-fi is an essential part of people’s daily lives. The answer is not to leave this down to local negotiations but to insist upon it in the Bill. We will pursue this, not just because it is important for bus infrastructure but because it is part of creating the kind of digital Britain that we will need if we are to prosper in the years to come.

On the points made by my hon. Friend the Member for Blackley and Broughton, I am sure that he has been involved over many years in discussions with bus operators about where the burden of responsibility lies for punctuality. Of course, if we could solve that, we would probably have solved the entire problem with the Bill. It will always be a complex debate. The partnership arrangements are partly about trying to ensure that bus operators can run their services on time. I am in no doubt that bus operators want to do so. Whenever I meet the manager of my local bus company, he is absolutely clear that that is what he wants to do. The arguments, particularly in many of our precious historic cities such as my own, are about dedicated road space. Obviously, operators would love to have that, but there are other competing interests.

We think that punctuality and journey times are key. We think that they are so important to the future of the bus industry that specifying them, not just as an accidental by-product or consequence of schemes but as part of the agreement, is far more likely to concentrate minds locally on ensuring that they are achieved. Punctuality and reliability are key qualities that bus passengers look for. We all know from our own experience that if people cannot rely on the bus to get them somewhere, they will always turn back to their cars. The only way to have modern local transport systems that people use is if they are sure that the transport is reliable enough to get them there and that they will make their connection, so they are not late for work, school or college. Punctuality and journey times are not an added extra; they must be central to the process, which is why I will not withdraw my amendments.

*Question put, That the amendment be made.*

*The Committee divided: Ayes 6, Noes 10.*

### Division No. 3]

#### AYES

Dakin, Nic	Phillipson, Bridget
De Piero, Gloria	Stringer, Graham
Greenwood, Lillian	Zeichner, Daniel

#### NOES

Ansell, Caroline	Mann, Scott
Freer, Mike	Merriman, Huw
Green, Chris	Robinson, Mary
Jones, Andrew	Spencer, Mark
Knight, Julian	Tracey, Craig

*Question accordingly negated.*

*Amendment made:* 6, in clause 4, page 15, leave out lines 41 to 45.—(Andrew Jones.)

*This amendment removes a requirement that, under a franchising scheme, new buses providing local services must meet eligibility requirements contained in the “Low Emission Bus Scheme” (a programme of grants to support the use of low and ultra-low emission vehicles), where the vehicle comes into service after 1 April 2019.*

**Graham Stringer:** I beg to move amendment 34, in clause 4, page 16, line 9, at end insert “, reflecting local conditions.”

*This amendment would clarify the scope of comparing a scheme during the assessment of a proposed franchising scheme.*

**The Chair:** With this it will be convenient to discuss the following: amendment 35, in clause 4, page 16, leave out lines 32 to 36.

*This amendment would remove the requirement on the Secretary of State to issue guidance on the preparation of an assessment of a proposed scheme.*

Amendment 36, in clause 4, page 16, line 35, at end insert—

‘(5A) In preparing guidance, the Secretary of State must ensure that it is not over-burdensome on the authority.

(5B) The guidance shall specify that the authority may decline to assess a potential scheme if the bus operators have previously proved unwilling or unable to implement similar schemes.

(5C) The guidance shall specify that the ultimate decision to go ahead with any scheme will rest with the authority.’

*This amendment would prescribe some of the content of the guidance on preparation of an assessment of a proposed scheme.*

2.30 pm

**Graham Stringer:** The amendments cover two general areas. One is the principle that has reared its head in nearly every debate: centralism versus localism, devolution versus keeping things at the centre. The second is what controls and criteria are at the centre. To put it another way, it is about whether the hurdle in the Transport Act 2000—it said that franchising could be introduced only if it was

“the only practical way of delivering better bus services”—

was an impossibly high hurdle to pass. The hurdle is not quite as high as that in some of the guidance, but I am concerned that high hurdles are being introduced that will make it more difficult to set up a franchising scheme.

I will speak first to amendment 35 and then to amendments 34 and 36—it is easier to take them that way. At the end of the debate, I should like to press amendment 36 to a vote, unless the Minister, having heard such persuasive arguments, is willing to accept it. That would be a pleasant surprise, but in the absence of that happening, I will press it to a vote.

Amendment 35 would remove the Secretary of State’s right to issue guidance on the preparation of an assessment of a proposed scheme. Local authorities have to act within the law. They have to act in a reasonable way. They cannot act in an unreasonable way, otherwise council tax payers and interested companies can judicially review them. There is a lot of history where local authorities have been unreasonable in their behaviour and have lost.

Why do we need a centralised set of rules from the Secretary of State? I do not want to repeat the debate that we had earlier, but I mentioned that there are good officials at a local level and good officials at a central level; and good elected councillors at a local level and good Ministers and Members of Parliament at a national level. There are also poor ones. The question why this should be centralised was not answered.

The Department for Transport and its officials will draw up the guidance. In another franchising area—railways—the Department completely messed up the west coast main line. The Minister is looking puzzled, but I will take him back to the summer of 2012, from memory, when the whole of the franchising operation had to be abandoned because the Department got it wrong.

The Bill says that the same Department should have precedence over local officials and be able to set guidelines. Not only is the competence of the centre not proved, there is also duplication. If I stray back into railways, with your indulgence, Mr Owen, Transport for the North was meant to be devolved. What happens in the Department? A whole team of people is set up to mark and check on what is happening in the devolved authorities. The cost of officials doubled. In the previous debate when I asked the Minister whether there would be more or fewer officials at the centre at the end of this, there was no reply.

The Minister has not made the case that, in allowing franchising in those areas, there should be all those rules, regulations and guidelines. I know I am not allowed to use props, but I have before me the consultation on draft regulations and guidance, which is a mere 150 pages long. That is just the consultation. One hesitates to think how big the eventual document will be when all the i’s have been dotted and the t’s crossed.

We are bedevilled in this country with centralisation, and with people in the Department for Transport who set criteria for pelican or puffin crossings and all sorts of detailed strategies, all of which would be better left to local decision making. I would like the Bill to be about devolution and not to say, “Well, you can take the decisions as long as we agree with them.” I did not take an exact quote when the Minister was answering questions about local control, but he said that was, “All right as long as there was some control from the centre.” That is not devolution. Mistakes will be made locally, as they are nationally. Why would one set up the inefficient system of a national scheme marking local schemes to make it doubly expensive and probably more likely that mistakes happen?

I guess the Minister will not accept the logic of leaving local authorities on the spot to take decisions in the way in which they normally do. Some of those local authorities are huge in terms of resources. Why does the Secretary of State know better? I have no idea whether Kent County Council wants to franchise buses because it is the other side of the country from where I represent, but it is a huge authority that has had good leadership over the years—not from the Labour party—and it might want to take those powers. Why should it or its districts, or Lancashire or its districts, not take the powers? Those are well run councils that take decisions in a legal way.

Amendments 34 and 35 assume that the Minister will not accept amendment 36. Amendment 34 would change proposed new section 123B(2)(b), which says:

“The assessment must...compare making the proposed scheme to one or more other courses of action”,

by adding “reflecting local conditions” at the end. Why would an assessment not be about reflecting local conditions? I was teasing when I said that he would accept amendment 35, but I cannot see how amendment 34 would not improve the Bill by making it clear that any scheme drawn up should reflect local conditions. The purpose behind that is to ensure that any guidance and regulations are not over-burdensome on a local authority.

Assuming that guidance, regulations and process is to be determined from the centre, amendment 36 says three specific things, which would limit that guidance so that it is not over-burdensome. The first subsection of this amendment, says:

“(5A) In preparing guidance, the Secretary of State must ensure that it is not over-burdensome on the authority”.

What could be wrong with that? There is always a tendency, under any political party, for the centre to put bureaucratic costs on to local government. Actually stating explicitly in the Bill that this is a bad thing should be accepted. The Minister surely cannot think that any regulations should be over-burdensome, to use the opposite argument. I hope, even if he does not accept it now that he will consider it when the guidance is being drafted. I quote the draft consultation in support of this—I realise that this is a draft consultation. If I quote paragraphs 19 and 20 of “Annex N: Franchising Guidance – Assessment of proposed franchising scheme (“Business Case” guidance)”, you will see, Mr Owen, that it is already beginning to get burdensome:

“Identifying realistic options should not be a desk exercise however, and authorities should engage with bus operators in the area and explore whether, for example, there is a realistic partnership proposition or ticketing solution that should be considered and assessed alongside the franchising proposition”.

I could go on forever. I have tried to ameliorate that and I hope that the Minister, when he is looking at this guidance, will take that into account.

The amendment goes on:

“(5B) The guidance shall specify that the authority may decline to assess a potential scheme if the bus operators have previously proved unwilling or unable to implement similar schemes”.

Again, what could be wrong with that? My hon. Friend the Member for Nottingham South quoted Brian Souter, who I think is typical of some in bus companies who, because they have been in a non-competitive, almost monopoly situation on many of the routes, hate this. They have resisted ticketing schemes, in some cases, and other schemes that would have improved bus services, so why should a local authority which has had reluctant and recalcitrant bus companies that have resisted it, have to consider something that has already failed when it has a franchising scheme to improve bus services for residents?

Finally, we come back to our old friend, the question of who takes decisions, the Secretary of State or local people, having gone through whichever process it is—the guidance or whatever. I think it should be stated in the Bill that the ultimate decision to go ahead with a scheme should lie with the franchising authority. I hope that the Minister will accept Amendment 34 because it is relatively straightforward and common-sensical. I hope that on Amendment 36, when the Minister is looking at the guidance and the process for franchising, he will take my comments into account, even if he is not prepared to accept it before. Amendment 35 just rehearses the substantial argument about having real decentralisation and devolution.

2.45 pm

**Daniel Zeichner:** We are consistently arguing the same points here about the relationship between the centre and the localities. My hon. Friend the Member for Blackley and Broughton makes a very strong point about the lengthy nature of the guidance. You need to be a pretty dedicated person to work your way through it—of course, some of those present have done exactly that, I commend them for it and I can say that it is good reading if you can get through it. However, the level of detail that will be required is such that it makes it very hard to imagine, in some cases, that local authorities will want to take on the opportunities that the Minister earlier extolled as being the way forward. That seems to be a curiosity to me.

Despite what I said earlier about the need to centrally lay out some key points, that seems to be the nub of the argument here: set out what it is that the Government want centrally—in our case, it was things like wi-fi, low-emission zones and punctuality—but do not get into these lengthy, endless, detailed, tortuous discussions that try to second-guess every single issue at a local level. I have considerable sympathy with my hon. Friend’s attempt to improve the legislation at this point. Even if the Government are not amenable to agreeing to the amendment today, I rather hope that, as they go away and work on the guidance, they realise that many more volumes of that kind will only make the process slower.

I also reiterate my hon. Friend’s query about the number of officials who will end up administering this process from the centre at the end of it. What does the Minister actually envisage?

**Andrew Jones:** We are discussing a group of amendments that relate to the assessment or the business case that authorities must prepare before they can implement franchising. The Government’s aim is to ensure that authorities fully consider the benefits, impacts and potential risks of franchising before taking the decision on whether to go forward and implement it in practice.

The Bill requires authorities to conduct an assessment of their proposed franchising scheme, which should include comparing it with one or more other courses of action. Amendment 34 aims to ensure that the different courses of action that should be considered as part of that assessment should reflect local conditions. I entirely agree that authorities should compare their franchising proposal against other realistic courses of action—that just seems good practice—and that those realistic courses of action will be different in each case. The Bill does not set out what other courses of action franchising should be compared against; it will be for local authorities to decide what is appropriate. The draft guidance that we are currently consulting on highlights that further by explaining that the authority should consider which courses of action are likely to meet their objectives. I hope, and I assure the hon. Member for Blackley and Broughton, that amendment 34 is not necessary; he may consider withdrawing it.

Amendment 35 proposes removing the requirement of the Secretary of State to issue guidance for authorities to assist with the preparation of their assessments, while amendment 36 proposes adding new requirements to the contents of such guidance. Our intention has always been to assist authorities in preparing robust assessments by providing guidance. The draft business case guidance is 10 pages long, which is much shorter than that for many other schemes or projects. It has actually been developed in discussion with authorities that may use it in future. It is about seeking to help authorities, particularly by reducing their risk of being challenged for not considering other realistic options, which could save time later on—particularly in any kind of legal matters.

I recognise the point about rail franchising, but I think that actually highlights the scale of the decision to go down a franchising route and how these things have to be considered and planned for carefully. On whether local government or national Government are infallible, the hon. Gentleman and I both know that neither is and can throw up a litany of records to demonstrate that. However, this is about having safeguards in place for decision-making criteria; it is not about national control. He highlighted Rail North, but Rail North is a partnership between the Department for Transport and Transport for the North to manage the north’s two rail franchises—Northern and TransPennine. Rail North was involved in designing the programmes and judging the tenders, and is now involved in managing the franchises; it is actually the first time we have moved to a more devolved management of our railways. The team, which is a joint team of the DFT and Rail North, is based in Leeds and will ultimately become part of Transport for the North. That is quite the opposite of the national control that the hon. Member for Blackley and Broughton highlighted—it is about devolution in rail for the first time. When we look at what has happened with rail in the north—the franchises will offer quite a transformation to services

[Andrew Jones]

and be much more tuned in to their customers—we see the progress that is made by having more local decision making.

The guidance is intended to help authorities through the process and give them some national guidelines with criteria for consideration; we have no intention of making it onerous. This is more about sharing best practice and stopping reinvention when it comes to routes that are new to authorities. Our intention is to assist authorities in making robust assessments, and we are keen to receive views through the consultation about how the guidance can be further improved. I am pleased to be able to reassure hon. Members that our draft guidance recognises that it is for the Mayor or the authority to decide whether to proceed with franchising—it is not a national decision, and central Government should have no further involvement. I can also confirm that it is not our intention to place any unnecessary burdens on a franchising authority through the guidance.

Our approach is based on the standard approach to decision making in government set out in the Treasury's Green Book. We actually drew the phrase “compelling case for change” from the Green Book. The assessment that a franchising authority is required to develop is based on the principles of the “five case” model for public sector business cases. The draft guidance on the development of that assessment therefore draws on the associated Treasury guidance material on using the five case model, which states:

“The business case in support of a new policy, new strategy, new programme or new project must evidence: That the intervention is supported by a compelling case for change”.

This is not a question of the Government seeking to impose burdens; we are seeking to assist and streamline decision making while keeping it local. That model is an established mechanism that any authority that has ever brought forward plans for a significant transport project should be well used to, and it seems entirely appropriate to follow a similar proven approach for fundamental change to the delivery of bus services, which of course will affect many thousands of passengers every day.

The hon. Member for Blackley and Broughton asked about the number of officials. I can tell him that there are absolutely no plans to increase the number of officials currently working on this area, except in one section: there will be a small increase in the open data team, because significant work is needed to deliver that project. To put that in context, the headcount of the Department overall has fallen by 17% since the 2010 spending review. I hope that, in the light of my comments, the hon. Gentleman feels able to withdraw his amendments, although I recognise that he may wish to press one of them to a vote.

**Graham Stringer:** I thank the Minister for his reply. I will withdraw amendments 34 and 35. I take what he says about amendment 34, although I think it really would enhance the Bill.

I will press amendment 36 to a vote. It would not add to the guidance but prescribe that “the Secretary of State should not go here”. The context of this debate is that bus companies are hostile to these proposals. It is likely that bus companies will end up in court—Nexus has recent experience of that under existing legislation—and

it would be helpful to say that the guidance should not be over-burdensome. It would also be helpful—the Minister did not really reply to this point—to say that where schemes have been tried and failed, or bus companies have refused to try them, they will not be reconsidered in some future scheme. I take the Minister's reassurance that the final decision will be made by the Mayor or the authority. In the light of that, I will press amendment 36, but I beg to ask leave to withdraw amendment 34.

*Amendment, by leave, withdrawn.*

**Daniel Zeichner:** I beg to move amendment 21, in clause 4, page 16, line 30, at end insert—

“(3A) An award of any new franchise or contract shall not be made on the basis of labour costs estimated by the potential franchisee or contractor assuming labour costs for new employees at less than the labour cost of workers who are covered by TUPE protections in accordance with section 123X transferring to the new franchisee or contractor.”

*This amendment would ensure that any new franchise or contract will not be awarded on the basis of estimated labour costs being lower for new employees than the labour cost of workers covered by TUPE protections.*

**The Chair:** With this it will be convenient to discuss the following:

Amendment 25, in clause 4, page 32, line 47, at end insert—

“123Y Employees not covered by TUPE protections

Employees of local bus service providers who are not covered by TUPE protections may not be employed on terms and conditions less favourable than those provided by TUPE.”

*This amendment would ensure that employees working under local service contracts not covered by TUPE protections may not be employed on terms and conditions less favourable than those provided by TUPE.*

Amendment 26, in clause 4, page 32, line 47, at end insert—

“123Z Effect on employees of introduction of local service contract

(1) Where, either before or after the introduction of a local service contract following an assessment under section 123B, any employee of an operator in the area to which the scheme relates is dismissed, that employee is to be treated for the purposes of Part 10 of the Employment Rights Act 1996 as unfairly dismissed if the sole or principal reason for the dismissal is the introduction of the relevant local service contract.

(2) Subsection (1) applies whether or not the employee in question was part of an organised grouping of employees principally connected with the provision of local services, under section 123X(4).

(3) Where section 123X(4) applies, a new operator may not engage employees or workers on terms and conditions less favourable than those of the employees whose employment transferred from the former operator.”

*This amendment would make dismissal of an employee for the sole or principal reason of the introduction of a franchising scheme automatically unfair dismissal.*

Amendment 29, in clause 9, page 60, line 16, at end insert—

“138T Employees not covered by TUPE protections

Employees of local bus service providers who are not covered by TUPE protections may not be employed on terms and conditions less favourable than those provided by TUPE.”

*This amendment would ensure that employees working under enhanced partnership schemes not covered by TUPE protections may not be employed on terms and conditions less favourable than those provided by TUPE.*

**Daniel Zeichner:** The amendments all relate to employment protection, the first three to franchising and the fourth to enhanced partnerships. We believe this group of amendments would strengthen the employment protections in the Bill.

We are pleased to see that the parts that apply TUPE to franchising largely reflect the concessions that were won in the Local Transport Act 2008 in respect of quality contracts schemes, and are broadly similar regulations to those set out in the Quality Contracts Schemes (Application of TUPE) Regulations 2009. However, we believe changes could be made to ensure that those parts are stronger still. It should be noted that no TUPE transfer ever took place under the terms of the 2008 Act because no quality contracts were ever successfully formed; so this approach is untested and could be subject to further examination.

It has been suggested that operators under the regulated system in London have in the past won contracts by reducing their employees' terms and conditions. The trade union Unite believes there needs to be a commitment to a minimum rate for bus workers across a franchise and enhanced partnership if members' pay is to be protected.

That development of what is called a two-tier workforce is something that I hope the Government will consider and address. I believe my amendment will stop the development of that two-tier workforce, as well as the related management and industrial relations problems that that can bring.

The amendment would mandate that the award of a franchise should not be made to a company on the grounds that it intends to pay its future workforce less than the current workforce. We believe it is important to set that out clearly on a statutory basis. By the Department's own admission, the application of TUPE to either a franchising or enhanced partnership scenario is likely to be complex but I believe these amendments can be simply understood.

The amendments apply to after a franchise contract has been awarded to a bus operator by a local authority. They would ensure that new employees of local bus service providers, who were not covered by TUPE protections, may not be employed on terms and conditions less favourable than those provided by TUPE. That aims to avoid the development of a two-tier workforce: the situation where workers doing identical jobs for the same employer are on different terms and conditions, solely as a consequence of when they started employment.

The amendments would also ensure that any employee dismissed for the sole or principal reason being the introduction of the relevant local service contract will be treated as unfairly dismissed.

I note that recently the Mayor of London, Sadiq Khan, introduced a minimum pay rate for London's 25,000 bus drivers, with a £23,000 per annum minimum salary. I would welcome the Minister's comments on the potential of a similar policy being rolled out nationally. At the very least, a minimum salary rate should be a condition of a franchise and enhanced partnership to prevent the undercutting of wages and the risk of a race to the bottom.

I was slightly concerned by the Government's arguments against similar amendments that were introduced in the other place. They argued that the Bill is devolutionary and gives

"considerable flexibility regarding the nature of the contracts to be awarded by those authorities taking forward franchising and, potentially, enhanced partnership schemes".

The Minister also said:

"Any authority contracting for services will need to consider a number of factors when assessing bids for contracts, and the Bill will require it to consult and engage with employee representatives at an early stage."—[*Official Report, House of Lords, 24 October 2016; Vol. 776, c. 16.*]

Considering a number of factors will not be enough to prevent the race to the bottom that could occur following the initial application of TUPE when employees are transferring. It would not necessarily prevent the two-tier workforce we are warning against but the amendments would, which is why we have brought them forward today.

3 pm

**Andrew Jones:** Amendments 21, 25 and 29, tabled by the hon. Members for Cambridge, for Nottingham South and for Scunthorpe, propose to specify the terms and conditions for employees that an authority should include as part of the franchise contracts it enters into with bus operators. It would not be consistent with the rest of the Bill to mandate the basis upon which contracts are procured by local transport authorities or the content of those contracts, as the amendments propose.

The amendments would require local authorities to set out in their contracts that employees hired by the bus operator outside of the TUPE transfer of staff would receive terms and conditions no less favourable than those provided to staff transferred under TUPE. I fully understand the intent behind the amendments. The power to achieve the outcome sought already rests, however, with the franchising authority letting the contracts

The amendments also pose some real practical difficulties. First, employees transferring under TUPE will not all have the same terms and conditions. Some may have been in post for a short period, and others may have been in post longer. There may be different terms and conditions for newer staff. It is not entirely clear which set of terms and conditions the amendments refer to, and I therefore see some difficulties in implementation. In addition, the amendments could place a financial burden on operators and, through them, the local transport authority by requiring them to employ people at something other than the market rate. That could prevent authorities from pursuing franchising schemes.

It is worth noting that the employee protection rights in the Bill replicate those in the Transport Act 2000 for quality contract schemes, introduced by the Labour party. There has been no intention at any point to water down TUPE arrangements. In fact, those were one of the first things we considered when preparing the Bill, and we were committed to ensuring that they were in place right away. I am committed to ensuring that staff affected by franchising are protected. However, I am not sure that it is the job of the Bill to set out the terms and conditions of employment offered to new staff who may join the industry at some point in the future.

[Andrew Jones]

On amendment 26, which relates to potential dismissals, I have sympathy with the intention behind the first two subsections concerning redundancies that may be made before or after the introduction of a local service contract. However, employment law already deals with the issue of unfair dismissal of employees. It is simply not appropriate for the Bill to be a vehicle to address such issues, and the Labour party did not include that provision when drafting the existing quality contract scheme legislation. The scenario that the amendment addresses is an unlikely one. I find it hard to imagine that an employer will choose to bear the redundancy costs associated with dismissing an employee if it is able to transfer them to a new operator under TUPE instead.

The hon. Member for Cambridge asked for my opinion on a minimum national salary for bus drivers. That is an interesting idea, but it would very intrusive for a Government to intervene and say that a company has to pay its employees a particular rate. We have done that through the national living wage, to protect some of the more vulnerable workers in our society, but it gets very intrusive indeed into the relationship between a company and its employees if the Government start to direct national minimum wages. It is not the Government's belief that we should go down that route. I suggest caution would be required in doing so.

I hope that everything I have said confirms the Government's position and that the hon. Member for Cambridge will feel able to withdraw the amendments.

**Daniel Zeichner:** I appreciate the Minister's comments about not seeking to water down the previous arrangements, which we accept. Our worry is that these things have never been tested, and we all now expect this situation to occur very quickly in the near future.

**Lilian Greenwood:** While we have never tested the TUPE protections in the current Transport Acts, we have experience in the provision of other public services where a two-tier workforce ensues. One group of employees protected by TUPE is working alongside another which has probably been employed on lower terms and conditions to derive more profit from the contracting out.

My concern is twofold and I wonder whether my hon. Friend shares it. First, it is bad news for the employees who are being exploited in that way, but more important is the ability to continue to provide a service. When people are employed on lower terms and conditions, the operator is often unable to fulfil the contract or to recruit and retain people and the quality of provision goes down. I have seen that on many occasions in local authorities and the health service. That is why I share the same concerns about this scenario in relation to buses.

**Daniel Zeichner:** Once again, my hon. Friend is prescient—I was about to make a similar point. The Minister suggested that it might be difficult to do, because people might well be on different terms and conditions. At the time of the transfer, there will be a going rate for that employer and we would want to establish that as the benchmark. The worry throughout, exactly as my hon. Friend has said, is that, in this situation in other public services, we have seen a race to the bottom.

The Government have rightly identified this as one of the key social challenges that we face, hence their long-overdue conversion to the idea of intervening in the labour market, and hence their support for a national living wage—the Opposition would not call it that, but they have rebadged their proposal as a national living wage—and recognition that workers in the market are vulnerable. We are offering an opportunity to strengthen the current position of this workforce, who are relatively low-paid in much of the country. Some areas, of course, have recruitment issues—in some cases, market forces ought to be working to drive wages up, but clearly that is not always everybody's experience. We want to ensure that the workers in those situations are properly protected, and we think there is an opportunity. We will not be pressing the amendments to a vote, but we hope the Minister hears what we are saying, engages with those who represent this vulnerable workforce, and ensures that people are not made more vulnerable by the changes.

We have not talked much about the people who are employed in the industry, but there is concern in parts of the country where there is the prospect of franchising. It creates an element of the unknown. People do not know what might happen in the future. While we are very positively explaining the possible benefits of a franchising system, that is not always the way it will necessarily feel to a workforce that are suddenly confronted with change. We want to take those people with us because we think it can produce better outcomes for passengers, but it must also produce secure outcomes for those employed. I can see that the Minister is listening attentively. I suspect we are not that far apart on this and we may be able to explore it further in future. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Amendment proposed:* 36, in clause 4, page 16, line 35, at end insert—

‘(5A) In preparing guidance, the Secretary of State must ensure that it is not over-burdensome on the authority.

(5B) The guidance shall specify that the authority may decline to assess a potential scheme if the bus operators have previously proved unwilling or unable to implement similar schemes.

(5C) The guidance shall specify that the ultimate decision to go ahead with any scheme will rest with the authority.’—  
(*Graham Stringer.*)

*This amendment would prescribe some of the content of the guidance on preparation of an assessment of a proposed scheme.*

*Question put,* That the amendment be made.

*The Committee divided:* Ayes 6, Noes 10.

#### **Division No. 4]**

#### **AYES**

Dakin, Nic	Phillipson, Bridget
De Piero, Gloria	Stringer, Graham
Greenwood, Lilian	Zeichner, Daniel

#### **NOES**

Ansell, Caroline	Mann, Scott
Freer, Mike	Merriman, Huw
Green, Chris	Robinson, Mary
Jones, Andrew	Spencer, Mark
Knight, Julian	Tracey, Craig

*Question accordingly negatived.*

*Amendment made:* 7, in clause 4, page 16, line 41, at end insert—

“( ) A franchising authority or authorities may not prepare an assessment of a proposed franchising scheme under section 123B unless the Secretary of State consents to their doing so.

( ) The Secretary of State’s consent is not required if the proposed scheme relates only to—

- (a) the area of a mayoral combined authority, or
- (b) the combined area of two or more mayoral combined authorities.

( ) The Secretary of State must publish a notice of a consent given under this section.”—(*Andrew Jones.*)

*This amendment allows the Secretary of State to control the introduction of franchising schemes by bodies other than mayoral combined authorities. The Secretary of State must give consent before such a franchising authority may take the preliminary step of preparing an assessment.*

*Amendments made:* 8, in clause 4, page 18, leave out line 3.

*This amendment and amendment 9 remove a requirement to consult representatives of employees of affected bus operators about a proposed franchising scheme. The representatives must be representatives of a trade union recognised by bus operators or, if there are no such representatives, appointed or elected representatives of the employees.*

Amendment 9, in clause 4, page 18, leave out lines 12 to 20.—(*Andrew Jones.*)

*See the explanatory statement for amendment 8.*

**Daniel Zeichner:** I beg to move amendment 23, in clause 4, page 20, line 11, leave out “six months” and insert “112 days.”

*This amendment states that a scheme may not specify a period of less than 112 days for its start date following the notice that the local service contract has been awarded by the franchising authority.*

You will be pleased to hear that this is a briefer introductory speech, Mr Owen. Proposed new section 123H(4) of the Transport Act 2000 states that

“A scheme may not specify...a period of less than six months” for its start date following a notice that the local service contract has been awarded by the franchising authority.

The draft regulations—pages 77 and 78 relate to the deregistration of local services by operators—state that franchising authorities will have the ability to set a notice period of up to 112 days for operators wishing to deregister their services following the publication of a franchising scheme. Our concern is about the gap between the two periods. For 68 days of a six-month period, there is the potential for services to be deregistered, which we believe will cause unnecessary disruption and uncertainty for passengers. It is more of a point of clarification for the Minister. Will he consider revising the period as per our amendment, and if not why not? What advice and guidance would he be able to offer to passengers, franchising authorities and operators?

**Andrew Jones:** Amendment 23 proposes to reduce the time that must elapse between a franchise contract being awarded and it coming into force. This part of the Bill was designed with transition in mind to ensure that operators—those that are incumbent and those that would be incoming, having won the franchise contract—have sufficient time to put any necessary plans into place to deal with either of the two circumstances. Our overall aim is to ensure that all parties are ready to respond in the interests of passengers. I am concerned that reducing the time period to a minimum of 112 days

—less than four months—could lead to a hurried transition, which would not necessarily benefit passengers. I recognise that there may be concerns about the behaviour of operators during that transitional period.

The Bill and any associated secondary legislation on which we are currently consulting sets out a number of ways in which authorities can help protect passengers during transition, and measures in the Bill directly address that, including enabling the authority to vary the deregistration and variation notice period that operators must observe before cancelling or changing services, and allowing services to be registered at short notice when they are replacing a service that has ceased to operate. This is about ensuring continuity of provision of service for customers. I recognise the point made by many colleagues in the Committee that people rely on services. This is about ensuring continuity during a transitional period. The Bill strikes the right balance in achieving that, and I therefore hope that the hon. Member for Cambridge feels able to withdraw his amendment.

3.15 pm

**Daniel Zeichner:** I thank the Minister for his explanation. I am not sure I am wholly reassured. In some ways, we are moving into uncharted territory, which is why it is important we get this right.

If everybody was working with good intentions—it is almost like I am discussing other things—there would be no problem, but these transitions may not always be entirely as amicable as one might wish. Our concern is that in those circumstances, passengers could be the innocent bystanders stuck at the bus stop and be put at risk, because authorities may not always be able to make this possible if they do not have the resources and access to vehicles, depots and all the rest of it in the meantime.

I hope the Minister and his Department will talk to those who face this very real prospect and ensure that we make it work successfully for everyone involved. I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Andrew Jones:** I beg to move amendment 10, in clause 4, page 24, line 41, leave out “21” and insert—

“(Bus companies: limitation of powers of authorities in England)”.

*This amendment is consequential on amendment NC1.*

**The Chair:** With this it will be convenient to discuss Government new clause 1—*Bus companies: limitation of powers of authorities in England*—

“(1) A relevant authority may not, in exercise of any of its powers, form a company for the purpose of providing a local service.

(2) Subsection (1) applies whether the relevant authority is acting alone or with any other person.

(3) In this section—

“company” has the same meaning as in the Companies Acts (see sections 1(1) and 2(1) of the Companies Act 2006);

“form a company” is to be construed in accordance with section 7 of the Companies Act 2006;

“local service” has the same meaning as in the Transport Act 1985 (see section 2 of that Act);

“Passenger Transport Executive”, in relation to an integrated transport area in England or a combined

authority area, means the body which is the Executive in relation to that area for the purposes of Part 2 of the Transport Act 1968;

“relevant authority” means—

- (a) a county council in England;
- (b) a district council in England;
- (c) a combined authority established under section 103 of the Local Democracy, Economic Development and Construction Act 2009;
- (d) an Integrated Transport Authority for an integrated transport area in England;
- (e) a Passenger Transport Executive for—
  - (i) an integrated transport area in England, or
  - (ii) a combined authority area.’

*This amendment prohibits county and district councils in England, combined and integrated authorities in England and passenger transport executives in England from setting up companies to provide local services.*

**Andrew Jones:** New clause 1, which was tabled by the Government, reinstates the original provision of the Bill, which prohibited authorities from establishing companies for the purposes of operating local bus services. Amendments were made in the other place to remove that provision, which forms a key part of our proposals, from the Bill.

The Bill provides a number of new tools for local authorities to improve their local bus services, and it is important that operators and authorities work together to improve services for the benefit of passengers. We want to ensure that passengers benefit from the strengths of both local authority influence over services and the private sector. We have seen great improvements in services across the country due to private sector innovation and investment. It is also true to say that authorities have a lot to offer, with many around the country working collaboratively with their local operators to ensure that communities are well served and that services and ticketing offers are joined up.

The franchising and enhanced partnership tools in the Bill will provide authorities with more influence over bus services than they currently have. Striking the right balance between local authority influence and the role that private sector bus operators can play is important. Our view is that passengers will see the most benefit where the commissioning and provision of bus services are kept separate. That purchaser-provider split is a frequent feature of our public services, and as such we do not think authorities should be able to set up new bus companies.

**Graham Stringer:** I understand the Minister’s argument, but does he not see the case for transport authorities having the power to set up a bus company as a last resort, where private sector companies withdraw from the area?

**Andrew Jones:** The franchising provisions in the Bill detail what powers an authority has should a franchise service fail, as a stopgap measure, to ensure the continuity of service provision for passengers. I recognise the hon. Gentleman’s point about continuity of service, but we are addressing that in the Bill.

**Graham Stringer:** To press the Minister on that, I take the point about continuity of service where, for instance, a bus company goes bankrupt and can no

longer provide a service. However, that was not the question I asked. In circumstances where bus companies withdraw from an area as a point of policy because they are completely hostile to the idea of franchising, should transport authorities not be allowed to set up bus companies?

**Andrew Jones:** I suggest that the answer is no. If an area has a service withdrawn simply because of some kind of principled objection by a bus company to a regulatory model, those would be very unusual circumstances, with the company turning down business. In that case, others would, I suggest, snap it up.

**Lilian Greenwood:** If only the situation were as unlikely as the Minister suggests. I invited him earlier to express a view on the remarks made by the chairman of Stagecoach. I will continue his remarks about “unreconstructed Stalinists”. He went on to say:

“The first contract that they put out on my business I’m out of Tyne & Wear completely, and they can buy 500 buses and find four bus depots.”

Is the Minister not saying precisely that Tyne and Wear could not do that? Therefore, it would be subject to the whim of a large private sector operator that knows that it has local authorities over a barrel when it is the large incoming operator.

**Andrew Jones:** The hon. Lady has been drawing on a very interesting set of quotes. The chairman of Stagecoach was obviously having a very lively day and making some lavish comments. If he wished to withdraw from the marketplace, I am sure there would be plenty of competitors saying, “Thanks very much, Brian, we will snap up that little operation.” I still do not think that changes the position. If people withdraw from a marketplace, I would expect others to pile in. That is what the nature of competition should be about.

**Bridget Phillipson** (Houghton and Sunderland South) (Lab): I am grateful to my hon. Friend the Member for Nottingham South for raising the outrageous behaviour of Stagecoach over the years in the north-east. Is it not the case in the rail industry that the Government have sometimes had to step in? It has been necessary to ensure that that safeguard is in place. Were an operator to follow through on such threats—who knows whether it was a mere threat or had any intent behind it?—there should be safeguards and protection for the travelling public.

**Andrew Jones:** That is a very interesting point from the hon. Lady. Yes, we do have the opportunity in the rail sector for directly operated railways but that is for a short, interim period. That is what happened with the East Coast franchise, which serves both of our constituencies. We have such a provision in proposed new section 123O in clause 4, which allows for an interim stopgap measure.

Stagecoach obviously has a lot of experience in the world of franchises. It is engaged in the rail sector and operates in London. If the opportunity arises in the north-east—it may or may not choose to go down that route—let us see what the company says. Stagecoach has plenty of experience of franchising, should it wish to bring it to bear.

We have had some talk about the merits of the innovation and investment from private sector operators. I highlight the fact that many existing municipal bus companies, such as Reading Buses and Nottingham City Transport, deliver a high standard of service, and I would expect them to continue doing so. Their ability to do that is not affected by this provision. I remind the Committee that those operators have prospered in a competitive market in which many other municipal bus companies have struggled. Only last month, Thamesdown Transport in Swindon was sold to the private sector after what I understand was a prolonged period of losses.

I have seen the good work done by municipal bus companies. They regularly do extremely well in customer feedback. Our intention is to leave them well alone, doing the very good job that they do, but to make the balance right between public and private, which I think the Bill achieves.

**Huw Merriman (Bexhill and Battle) (Con):** I recognise that my point is slightly off kilter with the thrust of the Bill. Brighton & Hove bus company is a superb private operator that has taken over the Swindon municipal service the Minister mentioned, and it intends to invest. In my desire to see private as the first option, would there be scope in the Bill to start with a partnership approach but, if that did not work, to cascade down to franchising? I believe the Cornish model shows that the sword of Damocles makes bus companies see sense. If there is to be an absolute fall-back, municipals could well be that fall-back.

**Andrew Jones:** I have no doubt that municipal bus companies have been delivering for their customers. If they had not been doing so, they would have gone out of business. We can also see the customer response to them in various surveys and the national bus awards.

My hon. Friend's proposal is interesting, but we have provided for cover in the Bill. We have anticipated the situation in the read-across from the rail sector, where interim services—replacement services—are required. It would be within the powers of the franchising authority to commission services.

**Huw Merriman:** To clarify, am I correct in saying that the Government or state takeover scenarios are just for franchising and not for partnerships? If so, there is still a gap. If franchising is not applicable because of the type of authority, only partnerships are available, and it cannot go to municipal because there is a prohibition.

**Andrew Jones:** We have no intention of having authorities setting up bus companies and awarding themselves contracts. The purchaser-provider split is important. Authorities would have the capacity to intervene and directly commission services, but it would be for a short period of time only. They have the capacity to do that already. Our intention is not to have a municipal bus company do that. It would be for a short period of time and authorities would commission from the private sector.

**Chris Green (Bolton West) (Con):** With people interested in franchising in Greater Manchester, there is an expectation that there will be a number of different providers of bus services. If any one provider failed, other providers

could step in, whether they were already in Manchester or were other ones coming in. There would not be the need for Greater Manchester as an authority to be running the bus services.

**Andrew Jones:** My hon. Friend makes an interesting point. I anticipate from my conversations with Transport for Greater Manchester that it will be keen to pursue a franchising model. This will be its call, but I would anticipate not a one-size-fits-all model, but different operators providing services in different parts of his area. If one failed, others could come in. I have certainly been contacted by bus companies that see franchising tenders as a way to enter the UK marketplace. It could prove to be a spur to competition. We have powers in the Bill should there be failure, but those should involve private companies under commission, rather than municipal companies.

Amendment 10 relates to new clause 1. It concerns a cross-reference in the Bill and nothing more.

**Lilian Greenwood:** It is a pleasure to serve under your chairmanship, Mr Owen. I oppose new clause 1, as I am sure the Minister anticipated. I thank him for his recognition of the success of some of the existing municipal operators. Mr Owen, I hope you will indulge me if I explain why this is so important. I represent a constituency with a very successful municipal operator. I do not think the Committee will mind if I remind it that Nottingham City Transport, which is one of the most successful municipal operators in the country, is the only operator to win the UK bus operator of the year title four times. It also won the Route One large operator of the year award in 2016 and the award for customer focus at the European Business Awards in 2015; it had the top national bus driver in 2014 and won the Guide Dogs Award for breaking down barriers in 2014. I could go on, Mr Owen—there are many ways in which it is an exemplary bus operator. As I said on Second Reading, these things are not just being stated by me because I am the local MP—they are backed up by evidence.

When we look at the most recent national bus passenger survey, for 2015, we find that Nottingham City Transport is No. 1 one out of 50 operators for overall satisfaction, with 97% satisfaction. When we look at value for money, it is not No. 1, but it is No. 4 out of 50 operators, with 74% satisfied with its value for money, which is pretty good. On satisfaction with punctuality, again it is No. 1 with 85%, and it is joint second on satisfaction with bus journey times. There is no doubt that it is a really good example of what a good operator should be doing, and not just on those issues that are covered in the passenger survey.

I know we are going to discuss accessibility during the passage of the Bill. The percentage of accessible buses run by Nottingham City Transport's 330 buses—it is quite a large operation—is 100%. In the other place the provision of audio-visual announcements on buses was raised. Many operators have suggested that it is too costly, but 80% of Nottingham City Transport's buses already have audio announcement. As has been acknowledged, 100% have free wi-fi. On many levels, that shows what a bus company can do. I found it quite difficult to understand the Minister's submission, as he acknowledged the value of municipals such as Nottingham City Transport and others—Reading Buses has also

[Lilian Greenwood]

been a recent winner of bus operator of the year—which is okay, but why not allow that possibility in other areas?

3.30 pm

It is not just me saying that; it is part of the reason why the original clause 21 was opposed by peers in the other place, not just those from my own party but, indeed, from the Minister's party. I think it was Lord True who made some very interesting comments about this matter. As the leader of a local authority, he suggested that local authorities should be able to run buses if they can show they can do so economically and effectively. That is precisely the point: no one is suggesting that local authorities should be able to run buses if they cannot do it well, but if they can, why should there be an absolute ban on their doing so?

It is not just Peers and MPs who have expressed concerns; the issue has been raised by members of local authorities up and down the country. The cabinet member for city services at Sunderland City Council has said that he opposes the Government's ban on new municipal bus companies because it flies in the face of Sunderland's localism agenda. He notes:

"The current municipal operators are among the best performing operators in the country and we should be about spreading best practice not protecting profits for a handful of corporations".

That was all that peers sought to do in questioning the ban: if there is good practice out there, why should other local authorities not benefit from it? Donald Davies, an independent councillor on North Somerset Council, said:

"The West of England LEP is investing considerable sums into the development of its MetroBus system to start to address some of the significant issues of congestion, sustainability, air pollution and drags on economic growth that our existing transport network imposes. If the ban on municipal operation comes into force, then it makes the success of that investment totally dependent on the whims of shareholders of private bus operators, rather than the needs of the residents of the West of England".

Clearly, the opportunity to have a municipal can strengthen the arm of local authorities in their negotiations. Other councils wish to have the opportunity to have that ability to set up a municipal operation. I do not expect many local authorities to want to set up a municipal bus operation, but they should have that opportunity if that is what seems best for local needs.

Examples of successful municipal services exist not just in the UK—it is in fact normal across Europe. Municipal companies are the dominant public transport providers in most German and Austrian cities. In France, there is a move away from franchising towards municipal bus operation, not for ideological reasons but to cut costs while maintaining services. That trend has been seen in a range of administrations, and is not based on who controls them. The secretary-general of AGIR said that its choice is guided by a quest for the network's economic and technical performance, as evidenced in the cost savings. That is cited in the "Transport for Quality of Life" report which supports municipal companies. I oppose new clause 1 because I cannot see the reason for it. I do not think the Minister has fully explained the rationale for it. I appreciate that he is not seeking to close municipal bus companies, but given that we have examples of good practice, I do not

understand why a ban should exist for those local authorities that have the means, the ability, the desire and the need to take that step of setting up a municipal operation.

The Minister has failed to explain why that should not be the case. The measure takes power away from local government, and it is against the principle of the Localism Act 2011. It does not seem to be evidence based. Local authority-run bus companies deliver high-quality services, and have consistently increased passenger numbers. They do not have the fall-back option of establishing their own bus company, which would make it more difficult for local authorities to get the best deal in negotiations with bus companies. I also note that in their examination of the Bill, the Transport Committee expressed the view that this was a disproportionate measure. It made some suggestions relating to the way in which the Government could act. They suggested:

"The Government should produce guidance setting out the measures it expects local authorities to put in place to ensure that an arm's length relationship is maintained."

However, it felt that the prohibition on all municipal operators in the Bill is a disproportionate response, and I hope that when the Minister responds he will explain why he does not accept that recommendation.

**Graham Stringer:** I will be brief, as my hon. Friend the Member for Nottingham South has covered most of the points I wish to make. A reading of proposed sub-sections (1) and (2) shows that new clause 1 is not only disproportionate but authoritarian and ideological. The provision states:

"A relevant authority may not, in exercise of any of its powers, form a company for the purpose of providing a local service."

That is extraordinary. It goes on to state:

"Subsection (1) applies whether the relevant authority is acting alone or with any other person."

The assumption behind the proposal is that, in some way, the private sector market is working perfectly and competition is leading to a provision of services everywhere. That is simply not the case. The measure is tying the hands of local authorities that think that they can make a business case to provide a municipal bus company, either on their own or with a private sector partner. That is simply an ideological act. I can see the case that the Minister made, and I would concede that a franchising authority should not be able to award a contract to a bus company that it owns. However transparent the process, that would look strange to anybody outside. I accept that, but there are parts of the country—the shires, for example, and Hartlepool is often mentioned—where bus services are poor and many remote communities do not get a service. Why should the local authorities not get together and provide a municipal bus company where the private sector is failing?

An argument is often used in these cases. If the system we had in this country—and we hope this is the first step in moving away from it—worked so well and provided services efficiently, effectively and economically to people who needed them, why has nobody copied it? Can the Minister show us anywhere in Europe that has said, "Wow! What a wonderful deregulated system you have. We will immediately copy it and we will get rid of all our publicly owned bus companies and invite the private sector in to have a free-for-all. We think that will be a better way to do it."? I cannot think of anywhere in Europe but perhaps the Minister knows better than I do; that is possible.

There are other arguments in favour, not of telling local authorities they must do it, but of allowing them to do it where there is a need. It would do one other thing: it would provide a benchmark for how bus companies should and could operate, as Directly Operated Railways provided a useful benchmark for the rest of the rail system.

The Minister has praised municipal bus companies. Can he explain why, if something is working so well, we should not replicate it? We probably invent too many different ways of delivering service in this country. When things work, why do we not simply replicate them where there is a need? In debates over the years on franchising, I have argued the case for quality contracts or franchising, and Government Members have said there are excellent bus services in Brighton, Oxford and Norwich, and round the country there are. There are places where the bus service works. There seem to be two factors that make those bus services good while those of us who live in Manchester, Newcastle, Hartlepool and South Yorkshire have seen a dramatic decline in bus services. Those areas are usually historic cities where there has been a restriction on cars, often, but not always, allied with a municipal bus company, so that there has been control and a very good service provided. Will the Government, like any sensible one, allow things that work to happen again?

**Daniel Zeichner:** It is a pleasure to follow both my hon. Friends, who have made their points very well. The new clause proposal has become the cause célèbre of the Bill, doubtless dropped in to wind up people across the country. To that extent it has been successful. We have had thousands of emails from people who are concerned about it. We have seen many representations from councils. We have had exciting photo opportunities outside the Department for Transport. I am sorry Ministers did not feel about able to join them—they would have been very welcome.

The proposal is a sop to those who cannot abide success in the public sector, to those who cannot get over the fact that, year after year, the municipals demonstrate that they can combine efficiency, good value and top-quality service and regularly walk away with all of the awards. As has been said, the proposal flies in the face of the evidence. It is a mean-spirited proposal that prohibits county and district councils in England, combined and integrated authorities in England, and passenger transport executives in England, from setting up companies to provide local services. In short, it is a ban on new municipal bus companies.

We have made it absolutely clear that we completely disagree with this punitive measure, which also contradicts the Government's supposed commitment to localism. We have already heard from my hon. Friend the Member for Nottingham South about the fantastic reputation and performance of one of those municipals. We could speak about others, but the point has been well made. Sadly, the Government now plan to take this option for local authorities off the table, despite the fact that in a number of areas they have proved that they are successful.

3.45 pm

The Minister has made it clear that the Government's view is that the commissioning and provision of bus services should be kept separate from each other. I am

not personally convinced that the purchase-provider split has proved such an overwhelming success in any part of the public services—it is attributed to a former Chancellor of the Exchequer doodling on the beach many years ago. In retrospect, that Member may well be responsible for a lot.

I am not sure the purchaser-provider split will stand the test of time. That is the argument. With the Bill introducing extra powers and more local authority control of local services, we understand that the Government are nervous, and that they are trying to avoid a situation whereby, in their view, private bus operators might be blocked out of the bus market because a franchising authority could award contracts to its own company. They are trying to protect the investment that private bus operators have made.

That is the case they put forward, but as we examine it, we are not convinced that the evidence bears out those concerns. On the first case, there is no reason to believe that a combined authority introducing a franchise scheme would automatically award the franchise to its own bus company. We have a very good example that bears that out. We have already heard about Nottingham City Transport, in which Nottingham City Council holds an 82% share. It had hoped to play a pivotal role in the Nottingham Express Transit tram network project. Since 2009, Nottingham City Council has been the sole promoter of that tram network, yet Nottingham City Transport was not successful in its bid to develop phase 2 of the Nottingham Express Transit tram network. The bid was instead awarded by Nottingham City Council to Tramlink Nottingham Ltd, a consortium of various private and public entities. Despite the fact that Nottingham City Transport was part of a consortium that had been running the tram network for many years, and that it had named playing a role in phase 2 of the tram network's development as one of its key objectives, the council awarded the contract elsewhere, simply because it thought it would be the better option, which was a perfectly rational thing to do.

It is already illegal under UK law for a local authority to award directly a contract to a company run by itself. The Government are assuming for some reason that franchising authorities would, after going through the process of inviting bids to tender, award the contract to their own municipal bus company.

**Lilian Greenwood:** My hon. Friend has made the point very clearly in relation to Nottingham City Council and the tram consortium. There is an even more obvious example that I set out on Second Reading. The tendered bus services in Nottingham that provide the Medilink service, the park and ride services and the local link services to some of the district centres are also operated under contract, not with Nottingham City Transport, which was unsuccessful, but with Nottingham Community Transport, which won the contract. That makes it very clear that the council is capable of operating its municipal bus company as an arm's length contract, and that there is real competition in the market to provide those services.

Further, does my hon. Friend agree that, in many instances in public services, we see in-house bids alongside private sector bids? It is possible to ensure that they are considered alongside each other. Sometimes the in-house bids are successful and sometimes they are not.

**Daniel Zeichner:** My hon. Friend makes the point very powerfully, and I absolutely agree with her last point. I expect the Minister and I were both local councillors a number of years ago. My hon. Friend the Member for Blackley and Broughton made the point that having an in-house competitor keeps the market honest, as was explained to me early on in my council career in housing. That is the role that municipals can play in this case.

The Government should be a little more confident about the ability of local government, exactly as my hon. Friend the Member for Nottingham South has explained, to get the best for their citizens, as anyone rationally would. If a private bus operator offers a local authority a better service, and if the bid from a private bus operator meets passengers' needs better, why would a local authority not award it the contract?

It is fair to say that municipals do not always have to please shareholders and are not driven by profits and shares, and that local authorities are far more likely to pick the operator that can genuinely best serve the needs of the passengers. If a local authority considers bids for a contract and finds that its own arm's length company is the best one to do the job, why should not it award that company the contract?

Contrary to the Conservatives' belief, we are speaking up for municipal companies not for ideological reasons but for the practical reason that it would make things better. We want local authorities to continue to have the choice to form municipal companies should they want to do so. As we have heard, there is no evidence of a massive rush to form municipals, so to some extent a straw bus company has been set up to be knocked down. There is not a great rush, but why make it impossible for such companies to be set up in future? We want local authorities to continue to have the choice to form municipal companies, partly because there are so many good examples of their being successful.

The Conservative party is supposed to be in favour of the free market and to dislike regulation and impediments to fair competition. That is their long-held proud view, so why are they attempting to impose arbitrary barriers on the market to contrive to stop municipal bus companies competing fair and square? In our view, local authorities should be able to form their own bus companies and have them compete with private bus operators in areas introducing franchising schemes as well as areas without them. The attempt to ban local authorities from forming municipal bus companies suggests that Conservative Members are afraid that the municipals might just do better than the private bus companies they so venerate. Surely they are not afraid of a little competition.

**Lilian Greenwood:** I am reminded of the example given earlier about Directly Operated Railways. My hon. Friend will remember that, when the contract for the east coast line was awarded, the Opposition argued that the incumbent operator, East Coast, should be allowed to bid. It was prevented from doing so. It is interesting that, since that service has been operated in the private sector, passenger satisfaction scores have gone down. Surely there was an argument for allowing it to compete to show that sometimes the public sector can do better.

**Daniel Zeichner:** Once again my hon. Friend makes the point strongly. It seems that the evidence is entirely stacked up on our side, and I hope the Minister and his

colleagues reflect on it. The question should be about the best interests of passengers and the public, not an ideological obsession with stopping good public services being provided directly, when that can be shown to happen successfully.

The Competition Commission has been mentioned obliquely once or twice in the debate. Its report noted that the fact that municipal operators are not required to deliver commercial rates of return might lead them to take actions that non-municipal operators might not, such as providing services that a non-municipal operator would consider uneconomic. The commission did not see evidence to suggest that that would have any significant distorting effects on competition. In other words, things can be done for the wider public benefit, which of course is also part of the franchising approach.

I suggest that we are moving in a slightly different direction from the ideological experiment with the free market of the past 30 years, and should perhaps move with the times. As my hon. Friends have suggested, perhaps international examples will show us that others have not chosen to follow that experimental path, for good reason.

**Bridget Phillipson:** To continue with the discussion of differences in approach, in Tyne and Wear the Metro was, until recently, operated by DB Regio. That contract ended—the decision was taken not to extend it. It has now come back under the control of Nexus, which directly operates it. It is working well. It is an option that was available because the contract was not working as well as it could with DB Regio. It seems strange to me that, in the case of the Metro, Nexus can take action to take control where a service is failing, but there is not that backstop with bus franchising.

**Daniel Zeichner:** Indeed, that point is well made. It has been possible to take back control in that case, and it is working to the benefit of passengers in that area. It seems extraordinary that we should want to close down the options when all the evidence points to the fact that, when transport systems are integrated, it is possible to get a better outcome for everybody.

I am not sure I am allowed to mention European law anymore, but it may be worth noting that, in EU regulation 1370/2007—I am sure Members know it off by heart—article 5.2 allows that:

“any competent local authority, whether or not it is an individual authority or a group of authorities providing integrated public passenger transport services, may decide to provide public passenger transport services itself or to award public service contracts directly to a legally distinct entity over which the competent local authority, or in the case of a group of authorities at least one competent local authority, exercises control similar to that exercised over its own departments.”

In Europe, local authorities are able to award contracts directly to their own company. We simply want new municipals to be able to compete in the process.

As I come to my conclusion I shall quote a further authority. Regarding municipal bus companies, the Institute of Public Policy Research said that

“authorities need to encourage and support the many innovative transport solutions—such as social enterprises and municipal companies—that have emerged over the years.”

It added that:

“the continued strength of some municipally owned transport schemes...demonstrate that conventional commercial operations

are not the only option...Choosing to operate a business without the pressure to deliver profit to shareholders can allow social values to be put at the heart of that business's activities and deliver considerable benefits for communities."

Our final problem with the proposal, as touched on by my hon. Friends, is that it seems as if the Department is working without any evidence. I have asked a number of written questions about the plans, and it has been revealed that

"no analysis has been undertaken by the Department for Transport to understand the potential benefits"

of the municipal model for passengers. I was later told that there are no plans to undertake any analysis of those benefits. I asked what evidential basis there is that the commissioning and provision of bus services should be kept separate, and was told:

"Supporting evidence of direct relevance is not available".

Furthermore, I was told that a ban on municipals was not included in the bus reform workshop discussions because the provisions

"had not yet been drafted when the workshops took place."

I simply do not understand why the Government persist with this divisive and mean measure when they have absolutely no evidence to back it up. In our view, this is a piece of symbolic, ideological dogma that has no place in an otherwise positive, enabling Bill that is broadly underpinned by consensus. We have every intention of revisiting this issue on Report.

**Andrew Jones:** I covered much of the ground in my earlier comments. I do not view this matter as the cause célèbre of the Bill, because frankly not a single local authority has contacted me to say that it wishes to start a municipal bus company. I do not think that this is at the heart of the Bill at all. Why do we have it? We have it simply because of the points I mentioned earlier—that commissioning and provision separation could easily deter investment from the private sector should this be reversed. What we have sought to do in the Bill is find the right balance and retain the strengths of private bus companies and the involvement from the public sector to find that proper partnership where we most effectively see the industry making progress for customers.

4 pm

**Lilian Greenwood:** I am mindful of the point my hon. Friend the Member for Cambridge made about evidence. When the Minister says that the existence of municipal bus services or an intention to set up a municipal bus service would prevent investment from the private sector, what evidence is he drawing on? My city has a very successful municipal operator, but that does not prevent investment in the private sector. In fact, we have an extremely effective local private operator and, if anything, the competition with the high-quality municipal has driven up its investment in its services. I therefore ask the Minister to set out what evidence he is drawing on in making those remarks.

**Andrew Jones:** What I said was that it could deter investment. We are talking about projections into the future, and as the future has not yet happened, of course we do not have any evidence for it. I am just looking at what the risks may be.

What we seek to do in the Bill as a whole is to enable bus companies and authorities to work more constructively together on behalf of passengers to deliver better services.

I think we have struck the right balance. There is no doubt at all that the municipal companies are, indeed, successful, but we have chosen to highlight a couple that have perhaps been at the high end of success—the Nottingham and Reading companies have quite reasonably had a lot of mentions today. The last company that I visited was the bus company in Reading, and I thought it a very successful and impressive operation, but within a few days of that visit we saw the Thamesdown service sold after many years of making a loss. The idea that it is only municipals that are successful and innovative is not true. Success has come from having the right balance, and that is exactly what we are achieving in the Bill.

On international comparators, I am not an expert on the bus markets of different countries, but I am aware that the successful transformation of our rail services, which was mentioned earlier, has led to ours being the fastest-growing railway in Europe.

*Amendment 10 agreed to.*

**Daniel Zeichner:** I beg to move amendment 24, in clause 4, page 32, line 47, at end insert—

"123Y Compensation liability

Where a bus operator brings a successful legal challenge for compensation against a relevant franchising authority, central government shall be liable for any financial penalty imposed by the court on the franchising authority."

*This amendment specifies that central Government shall bear the financial risk of legal challenges brought against franchising authorities by bus operators.*

The amendment would ensure that central Government bear the risk for financial penalties where a bus operator brings a successful legal challenge for compensation against a relevant franchising authority. We want to protect local franchising authorities from legal action by operators and ensure that they are not prevented from bringing forward good schemes for fear of potential risk.

We heard reference in earlier debates to the attempt in the north-east—many of us would say the heroic attempt—to achieve a quality contract and how difficult that proved to be. When Nexus, the North East combined authority's transport arm, attempted to introduce a quality contract scheme for Tyne and Wear under existing legislation, the legal decision made by the quality contract scheme board suggested that local authorities could be liable to compensate bus operators for financial losses they might incur as a result of bus re-regulation. The board concluded:

"Legislation enabling franchising should specifically address the issue of proportionality of financial loss of bus operators. It may be that some form of compensation is considered appropriate."

It went on to suggest that local authorities could have been liable for payments of between £85 million and £226 million if the scheme had gone ahead. At that time, many of us were astonished by that conclusion, but despite the absurdity of it, that was what the board said. It causes real concern for people who may be thinking of bringing forward what I think we all agree could be the kind of schemes that will really improve bus services in our country.

I asked the Minister what assessment his Department had made of the reference in the quality contract scheme board's report to bus operators being compensated by the Government for future losses that might be incurred as a result of franchising. The Minister responded that

[Daniel Zeichner]

the decision related to existing legislation and was unrelated to the Bill. I do not think that that is good enough. It is important that we protect local authorities from that risk. It is not the case that this situation has not been rehearsed—it is out there.

If we believe that franchising will produce better services for passengers, we cannot have a situation in which authorities are worried about bringing schemes forward because they are intimidated by the financial risk. The Government might feel that that is not relevant, in which case they can demonstrate their confidence in the new system by making it clear that the risk does not lie with the local authority.

Some share the view that was expressed by the board in the Nexus case. The Confederation of Passenger Transport has, indeed, said that bus franchising “would unquestionably amount to indirect expropriation”, and that the Bill is “anti-enterprise” and “silent on the issue of compensation.”

I and many others obviously do not agree. As I have said, franchising moves competition from on the road to off the road, with the system of bidding for service contracts.

More than that, any industry that receives almost 50% of its revenue from the public purse cannot be surprised that the public seek a say in how the services they fund are run. The Transport Committee found:

“We accept that the question of whether incumbent operators would suffer a loss from franchising is a complex one. However, franchising does not mean operators already providing bus services in the market cannot compete; it simply means that they must compete for the market rather than for passengers as they do at present. There is no case for compensation for operators in areas where the local transport authority decides to introduce franchising.”

The Opposition need clarity on this issue, because we fear that if the Government do not provide it, good schemes might not be introduced.

**Andrew Jones:** Amendment 24, which was tabled by the hon. Members for Cambridge, for Nottingham South and for Scunthorpe, proposes that central Government assume liability for compensation payable as a result of a successful claim against an authority that has implemented franchising. The Bill is about devolution. It gives authorities the ability to decide which model of bus service provision works best for local passengers. It makes it clear that the decision to implement franchising lies with the Mayor or the authority in question and not with central Government

Local accountability is at the very heart of the Bill. Any Mayor or authority that is not able to stand by and take responsibility for their decision should not implement franchising in the first place. Looking to central Government to solve local problems would undermine the accountability required to make a success of franchising in the longer term. Frankly, it would be out of step with the rest of the Bill for central Government to step in and assume responsibility for a local decision in which they have played absolutely no part. The proposal is very strange, and would mean a complete break between accountability and responsibility.

**Bridget Phillipson:** The Minister will recall that during the process that led to the quality contract scheme decision in Tyne and Wear, the issue was, in part, where responsibility would lie were there to be a legal challenge,

not on the grounds of the scheme itself or in respect of whether any compensation would be owed, but concerning where responsibility for the legislation itself would lie. This is Government legislation, so would it not be for the Government to defend, if challenged, its principle and to take on any liabilities that arose from that?

**Andrew Jones:** In developing the legislation, we have taken into account the views in the quality contract board’s comment on compensation. We are confident that the processes in the Bill are fair and give operators sufficient notice to enable them to plan accordingly. I therefore do not think that what the hon. Lady says will apply, but we have clearly been learning from the problems that the north-east, more than any other area, experienced in the quality contract scheme.

**Huw Merriman:** The Transport Committee spoke to authorities that might consider franchising about the risks they would have to bear. Surely this is one. If they decide that it is not a risk worth taking, they will not utilise the power. It is not just a question of asking for a central Government bail-out, but a question of asking for a bail-out from my local taxpayers, who will not have the benefits of franchising. I find the proposal outrageous.

**Andrew Jones:** It is a strange idea to put forward that central Government should be liable for decisions taken in a local council or by an elected Mayor. That break between accountability and responsibility could only lead to bad practice. Any legal challenge by operators against an authority is likely to be based on the way in which the authority has approached the decision-making process. Central Government are not seeking to control that, and we should not be responsible for it. I therefore ask the hon. Member for Cambridge to withdraw the amendment.

**Daniel Zeichner:** I note that the hon. Member for Bexhill and Battle is outraged by the suggestion, but the crux of the point was made by my hon. Friend the Member for Houghton and Sunderland South and it is an important point. It is clear that some in the industry see the concept as an act of expropriation—that is what the industry body has said. The Government are proposing the legislation and we support them, but the danger, as I have said, is that if local authorities fear that they will be subject to the full force of legal challenge, people might be unable to use this good legislation. We will be back to a situation of spending many years talking about doing absolutely nothing, as the hon. Member for Bexhill and Battle said.

**Huw Merriman:** Surely the concept of devolving power involves devolving responsibility. It would be an incredibly curious situation to devolve the power and, at the same time, have the local authorities ask for a guarantee all the way back not just from central Government, but from all taxpayers who live in local authorities that do not have the same power.

**Daniel Zeichner:** Much of the discussion today has been about the balance of responsibility between the centre and the locality. Much has been said about the very prescriptive nature of the rules set out by the Government for allowing franchising authorities to make

proposals, particularly those that do not come through the combined authority and mayoral route. The question in the end is where the risk should lie. Our view is that the risk is a consequence of the legislation. That is why the Government should bear it.

**Bridget Phillipson:** Further to my hon. Friend's point, there was much talk about what would happen in Tyne and Wear. My hon. Friend the Member for Blackley and Broughton asked whether an infringement of human rights could lead to a challenge under European law if the quality contract board allowed the scheme to proceed. My understanding is that that would have been a matter for the Government to defend, and not a matter for individual local authorities pursuing franchising schemes. There is an important principle here. This is not simply about devolution; it is about the legislation and the Government defending the principles that underpin this important scheme.

**Daniel Zeichner:** My hon. Friend is absolutely right. That point goes to the crux of whether the legislation will work in practice. We will not press the amendment to a Division, but I hope the Minister takes careful note of what has been said and ensures that, as authorities consider introducing schemes, they feel reassured that they will be able to do so and not face the risks we have described. I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 4, as amended, ordered to stand part of the Bill.*

### Clause 5

#### POWER TO OBTAIN INFORMATION ABOUT LOCAL SERVICES

**Graham Stringer:** I beg to move amendment 33, in clause 5, page 33, line 8, at end insert—

“(1A) The franchising authority may require the operator to provide information about services run by the operator under existing franchises or in non-franchised markets outside the franchising authority's area.”

*This amendment would ensure that all operator data about operational performance in markets outside the franchising authority's area is available to them for the purpose of developing a franchising scheme.*

**The Chair:** With this it will be convenient to discuss the following:

Amendment 37, in clause 5, page 33, line 31, at end insert—

“(ea) information about the operator's pension scheme(s) and information about the number of persons employed by the operator in any individual pension scheme;”

*This amendment would require operators to share information and particulars about their staff's pension scheme with the authority.*

Amendment 38, in clause 5, page 33, line 34, at end insert—

“(fa) information about journey speed and reliability for those local bus services;”

*This amendment reflects the draft regulations and guidance and includes journey speeds and reliability for authorities to consider when developing a case to franchise services.*

Amendment 39, in clause 5, page 34, line 2, at end insert “, which shall be no longer than 56 days.”

*This amendment defines reasonable period for the purpose of this subsection as no longer than 56 days.*

4.15 pm

**Graham Stringer:** The purpose of the amendment is to allow the transport authority and franchising authority to ask for and get information from operators about how they operate in adjacent areas, and not just the authority area. The clause amends section 143 of the Transport Act 2000, enabling a franchising authority to request certain information from bus operators of local services in its region in order to inform its business case assessment.

If I may return to annexe N of the Department for Transport's public consultation, from which I read out section 19 previously, paragraphs 29 to 32 state that there is an obligation on local authorities to

“clearly explain the impacts of the options on different groups in society. This should include passengers, the authority, wider society and bus operators, with both the potential impacts on incumbent operators and the potential benefits to new entrants considered.”

What concerns me about is that authorities are being asked to make assumptions about the future private market behaviour of bus operators, exposing those authorities to unnecessary risk. It implies that authorities must make those assumptions as part of their assessments, meaning that the validity of those assessments is in danger of being compromised by an onerous duty to make assumptions on areas lying outside an authority's direct knowledge. In addition, it is unclear how those assumptions will assist or inform a proposition.

In addition, proposed new section 143A(3) of the Transport Act 2000 does not currently give authorities the ability to require information about bus services in neighbouring areas. As the business case guidance specifically requires franchising authorities to consider the impacts of franchising on neighbouring authorities and services and transport in their areas, the omission is material and should be rectified by adding provision for information about local bus services in neighbouring areas, as the amendment suggests.

It is recommended that the new obligations be deleted in the first instance. However, if they are to remain in the statutory guidance, a corresponding amendment to proposed new section 143A(3) of the Transport Act 2000 could be made to enable a franchising authority to request from bus operators information about their services outside the authority's area, including franchising services and non-franchising services elsewhere.

Time and again, we find the Government laying down in a Bill guidance and rules that are burdensome on authorities. I followed the Minister's previous point, and I can see the case that he made: if local authorities take decisions, they should take responsibility and liability for them. But the other side of that coin must be that they are in charge of the rules and regulations within the law as it stands. We will return to this point on Report, but we keep coming back to it: the rules are onerous and burdensome, and will leave any franchising or transport authority open to legal challenge, because they are complicated and derive from elsewhere.

I hope the Minister accepts the amendment, but there is a deeper issue: the guidelines do not protect transport and franchising authorities as well as they could from potential challenge by hostile bus companies that do not want to lose their monopolies.

**Daniel Zeichner:** I shall speak to amendments 37 to 39. Amendment 37 would allow the franchising authority at an early stage to obtain pensions information from operators so that it can begin to understand the potential scale and impact in relation to historic and future pension liabilities. Currently, proposed new section 143A(3)(e) says:

“Information about persons employed by the operator in the provision of those local services”.

As such, it is not clear whether pensions information would be included. Will the Minister clarify whether the Bill will enable franchising authorities at an early stage to obtain information about pensions and the pension schemes of individuals employed by the operator? Does he agree that the amendment enhances the provisions by ensuring that franchising authorities have access to this relevant information in preparing their assessments?

Amendment 38 would enhance the Bill, better reflecting draft regulations and guidance. The statutory guidance includes a new obligation for authorities to consider journey speeds and reliability when developing an assessment. In order for authorities to be able to satisfy this additional obligation, an amendment to the Bill will be required so that authorities can request the data from incumbent bus operators. A large amount of the information is held only by operators and is not currently available to authorities. Currently, journey speeds and reliability are not provided for in the list of information that authorities may request from bus operators, meaning that authorities are unable to satisfy this additional consideration. Does the Minister agree that including the measure in the Bill will ensure that the Bill and the accompanying guidance are better aligned?

Amendment 39 reflects the fact that “a reasonable period” is not currently defined. Obtaining the information from operators set out at proposed new section 143A is vital to inform the franchising authority’s assessment. Any delay in providing that information will have a significant impact on the timetable for audit, public consultation and the Mayor’s decision. Does the Minister agree that 56 days is a reasonable period? If not, how does he define “a reasonable period” and will he make that definition clear in the accompanying guidance?

**Andrew Jones:** This group of amendments relates to the information authorities can request from bus operators in connection with their franchising functions. Amendment 33 would require bus operators to provide information to authorities about the services they operate under existing franchises and outside the franchised area. The purpose of clause 5 is to ensure that authorities have the information they need about the services in their area so that they can make an informed decision. I therefore struggle to see the rationale behind requiring them to provide information about services that are unconnected to the scheme they are developing or their area.

**Graham Stringer:** Business case guidance, as I said, specifically requires the franchising authority to consider the impacts of franchising on neighbouring authorities and services and transport in their areas. Surely that is a reason why the bus companies should hand over information about what they are doing in those areas.

**Andrew Jones:** The hon. Gentleman is talking about considering developing schemes and the impact on bus provision in neighbouring areas. It does not necessarily

suggest that entirely unconnected areas need to have information about franchises beyond the area directly under consideration. I understand where he is coming from, but the information described in the amendment would not be material to an authority’s assessment. I am not convinced that there is any need for the authority to have access to it. I hope he considers withdrawing the amendment.

Amendments 37 and 38, tabled by the hon. Member for Stalybridge and Hyde (Jonathan Reynolds), propose to add new categories to the list of information that can be requested by an authority—in particular information about an operator’s pension schemes, and about journey speeds and reliability. Clause 5 already allows authorities to request information about people employed by operators. That will include information about their pension arrangements. That is clearly a material consideration and will be included. I am not convinced therefore that amendment 37 is necessary.

I agree that an authority may want to consider information about journey speeds and reliability when conducting its assessment, particularly to understand where there are congestion hotspots. Having said that, I would like to think that any authority with the skills and abilities necessary to implement a franchising model already has a clear view of where congestion problems are in its network. There are other ways that the authority could access that sort of data without placing burdens on operators, such as through existing punctuality and timetable information and roadside monitoring equipment.

We are currently consulting on draft regulations under the clause that set out further categories of information that can be requested by authorities. If a clear case is made through our consultation that journey speed information would be a valuable addition to that secondary legislation, we will certainly be happy to consider it, but I am not convinced today that we should place it on the face of the Bill. I hope I have provided the hon. Member for Cambridge with reassurance that the issue will be addressed and that he will therefore not press amendments 37 and 38 to a vote.

Amendment 39 would require operators to provide the requested information within 56 days rather than at the end of a reasonable period that the authority may specify. We want to ensure that we leave as much flexibility as possible to allow authorities to work with operators on a local level. In some cases, the information requested will be very limited and could be provided in a shorter timescale. We also have to consider the full range of possibilities and give due consideration to smaller operators, which may have more difficulty collating and sharing information when their limited resources are focused on doing the day job and running their existing services.

The Bill will allow authorities to take local circumstances into account and set realistic and appropriate timescales for delivery, without an arbitrary cap. If an operator fails to take all reasonable steps to respond to a request, the Bill requires the franchising authority to report it to the traffic commissioner, who then has the ability to impose sanctions on operators that contravene that requirement, provided that the commissioner agrees with the authority that the operator has not taken all reasonable steps to respond. Given that flexible approach, which I believe will work well in practice, I ask the hon. Member for Cambridge to withdraw amendment 39.

**Graham Stringer:** I may return to amendment 33 on Report, along with a number of other items. I beg to ask leave to withdraw the amendment.

**Daniel Zeichner:** I am reassured by the Minister's comments on amendment 37, about pensions. That is helpful and clarifies the situation.

I am less reassured on the other two amendments. It is not my experience that authorities have this information. A lot of this information is held by the operators. They are running their businesses and quite clearly need it to run their day-to-day operations. Potential franchising authorities do not necessarily have that information. As I suggested earlier, my visit to my local traffic commissioner confirmed what I already rather suspected—that the responsibilities of traffic commissioners are not matched by the resources at their disposal. I am certainly led to understand that the old system whereby people used to be sent out to check on reliability and so on are long gone. I will not press the amendments any further, but I am not convinced on that point.

Finally, I think the Minister is being a touch naive to think that all the major operators will necessarily want to co-operate in that way. Having a fixed timeframe is absolutely right, possibly with an exemption for smaller operators. We should not be under any illusions: some of these processes will not be as smooth and amicable as we would all wish.

*Amendment, by leave, withdrawn.*

*Clause 5 ordered to stand part of the Bill.*

*Clause 6 ordered to stand part of the Bill.*

## Schedule 2

### FURTHER AMENDMENTS: FRANCHISING SCHEMES

4.30 pm

*Amendment made:* 17, in schedule 2, page 84, line 35, leave out “123A(4)(b) to (f)” and insert “123A(4)”.—*(Andrew Jones.)*

*This amendment and amendment 18 correct cross-references to text inserted by clause 4.*

*Schedule 2, as amended, agreed to.*

## Clause 7

### ADVANCED TICKETING SCHEMES

*Question proposed,* That the clause stand part of the Bill.

**Andrew Jones:** The clause introduces new provisions for advanced ticketing schemes in England, which improve the existing ticketing powers in the Transport Act 2000 in a number of ways. First, the clause future-proofs the legislation by ensuring that new or future developments in technology can be accommodated within its framework. Secondly, the clause contains new duties for local authorities to consider linkages and compatibility with other multi-operator ticketing schemes. I must emphasise, however, that this is not about price. There is no ability for ticket schemes to set ticket pricing. An advanced ticketing scheme may only be made by local transport authorities in England. The existing ticketing scheme provisions will continue to apply in Wales and to schemes made by

an English authority in conjunction with a Welsh one. This part of the Bill has been widely welcomed in our discussions and has not proved at all controversial.

*Question put and agreed to.*

*Clause 7 accordingly ordered to stand part of the Bill.*

*Clause 8 ordered to stand part of the Bill.*

*Schedule 3 agreed to.*

## Clause 9

### ENHANCED PARTNERSHIP PLANS AND SCHEMES

*Amendment made:* 11, in clause 9, page 42, leave out lines 15 to 20.—*(Andrew Jones.)*

*This amendment removes a requirement that, under an enhanced partnership scheme, new buses providing local services must meet eligibility requirements contained in the “Low Emission Bus Scheme” (a programme of grants to support the use of low and ultra-low emission vehicles), where the vehicle comes into service after 1 April 2019.*

*Question proposed,* That the clause, as amended, stand part of the Bill.

**Andrew Jones:** The clause will introduce enhanced partnerships in England. They go further than the advanced quality partnership schemes provided for in clause 1, which we discussed this morning. In particular, enhanced partnerships may include a broader range of requirements. They are designed to be easier to apply to a wider geographical area, and provide for the involvement of operators from the outset. They do not require every single objection from operators to be resolved.

The clause provides for enhanced partnership plans and enhanced partnership schemes. The plan provides the context for the partnership and sets out the bus improvement objectives, which are relevant to all parties. Detailed actions to be taken by the authority and bus operators on the ground locally are set out in the associated scheme or schemes. Both the plan and schemes are made by the local transport authority but are developed in partnership with any relevant operators that wish to participate. To ensure that operators remain involved and supportive, the authority can proceed at certain key points only if it has sufficient support for its plans from the relevant operators. The mechanism by which that will be judged will be set out in secondary legislation, on which we are currently consulting.

Under an enhanced partnership, competition remains generally on the road, and services continue to be provided on a commercial basis. All operators in the scheme area, whether a new entrant or an incumbent, must comply with any of the requirements set out by the scheme. Those requirements fall into two broad categories. Operational requirements can include vehicle standards—including emissions standards, as we discussed this morning—branding, payment methods, ticketing structures, the price of multi-operator tickets and information to be provided to passengers. Route requirements address the frequency and timing of particular services.

There is a menu of options so that authorities can work with operators and passenger representatives, among others, to find the best solutions for their area. That is the essence of an enhanced partnership. It is a flexible set of powers that can be adapted to local circumstances. The provisions have been welcomed by passenger groups, bus operators and local transport authorities. I think that these provisions are at the heart of the Bill.

*Question put and agreed to.*

[Andrew Jones]

Clause 9, as amended, accordingly ordered to stand part of the Bill.

Clauses 10 to 13 ordered to stand part of the Bill.

#### Clause 14

##### TRAFFIC COMMISSIONER FUNCTIONS

**Daniel Zeichner** (Cambridge) (Lab): I beg to move amendment 30, in clause 14, page 69, line 22, at end insert—

“(5) After section 6I insert—

‘6J Community bus routes

(1) Traffic Commissioners must keep a list of bus routes in their area which are of community value.

(2) For the purpose of this section, a bus route of community value is one that has been designated by the traffic commissioner as furthering the social well-being or social interests of the local community.

(3) Bus routes may only be designated by a traffic commissioner as being of community value in response to a community nomination.

(4) A community nomination must be made by a community group which is based in, or has a strong connection with, an area through which the bus route passes, and on which community the bus route has a direct social impact.

(5) A community group may be, for example—

- (a) a local or parish council;
- (b) a voluntary or community body with a local connection;
- (c) a bus user group;
- (d) a group formed for the specific purpose of maintaining the bus route;
- (e) a church or other religious group, or
- (f) a parent teacher group associated with a particular school or schools.

(6) The traffic commissioner must consider the community nomination, and if—

- (a) the nomination is successful, the commissioner must notify the relevant parties of this decision in writing; or
- (b) the nomination is unsuccessful, the commissioner must notify the relevant parties of this decision in writing and give reasons why the decision was made.

(7) An operator of a bus route which is designated as being of community value must give a minimum of six months’ notice of an intention to terminate the service, in order for the community to—

- (a) work with relevant authorities to find an alternative operator;
- (b) set up a community transport group in order to run the service; or
- (c) partner with an existing not-for-profit operator to run the route.

(8) The community may apply to the Secretary of State for financial assistance, training or advice during the notice period in order to achieve any of the aims set out in subsection (7).”

*This amendment would give Traffic Commissioners the power to designate bus routes assets of community value.*

I apologise, Mr Owen, but this bus is moving rather more quickly than I had anticipated. We are doing very well.

The notion of defining a bus route or a bus service as a community asset may come as something of a surprise to people, as it did when it was first raised with me. However, the more I have thought about it, the more significant it seems it could be. Although much of the

discussion today, with our comments about Nottingham, and on Second Reading has been about urban areas, the problems facing buses in rural areas are dear to many people’s hearts. Many of us would agree that the local bus service is a key aspect of everyday life in many parts of the country.

Without rehearsing the figures, which I suspect are familiar to all of us, bus services are disappearing from many parts of the country for a whole range of reasons. As was explained by my hon. Friend the Member for Ashfield, there is quite often a feeling of powerlessness when there is a sudden change to what may be a lifeline—sometimes that is for relatively few people, but it is crucial to them none the less. Whether from urban or rural areas, I suspect all of us, as Members of Parliament, have found ourselves in the difficult situation of responding to local people who come to us and say, “The bus service is going or changing; what can you do to help?” That has been a part of the discussions we have had throughout the day.

I suspect that a discussion about advanced quality partnerships, franchising, net costs, gross costs, contracts and all the rest of it will not greatly reassure many people. They want to know what can be done about their bus service; that is what matters to them. What we suggest is that those means of communication—those routes—are seen as a community asset and put on the same legislative footing as community assets such as pubs, community buildings and land. That is not to say that something can be preserved forever—that is impossible—but the measure would slow down the process, just as we do with a potential pub closure, to give the community the chance to build the capacity and support to put something else in place. I am not sure that the big society is still with us—

**Andrew Jones:** It certainly is.

**Daniel Zeichner:** In which case, this is the big society revisited. I am sure the Minister will be commended for defending it.

The community asset legislation sits comfortably within the Conservative Government’s Localism Act 2011. It rightly recognises that community assets should be protected and given elevated status so that communities can come together and help to save or run things that they judge they cannot do without. The proposition is to establish a new class of assets of community value—bus route assets of community value—based on the route of the bus, as designated and held by the relevant traffic commissioners. It is notable that currently, bus stops can be an asset of community value. Indeed, some have been designated as such, which shows the importance that local communities place on such services.

The amendment would allow communities to come together to apply to the relevant traffic commissioner to designate the service they hold dear as a bus route of community value. The route would then be subject to a six-month moratorium should there be a threat of its being cut, which would allow precious time for the community, as defined by the Localism Act, to work with the relevant authorities to find an alternative operator, set up a community transport group to run the service, or partner with an existing not-for-profit operator. The powers mirror those in the Localism Act, and would change rural passengers’ influence over how bus services are delivered to them.

The nomination would be made by a community based in, or with a strong connection to, an area through which the bus route passes and on which the route has a direct social impact. Community groups could include a local or parish council, a voluntary or community body with a local connection, a bus user group, a group formed for the specific purpose of maintaining the bus route, a church or other religious group, or a parent-teacher group associated with a particular school or schools.

**Huw Merriman:** Having been involved with pubs in this way, I found the proposal, on the face of it, quite attractive. However, given that the Bill provides more data and therefore a greater ability to see whether it would be worthwhile to take a route on, and the fact that anyone can apply to run a bus service, does the hon. Gentleman not agree that, on balance, the amendment would put operators off starting a route in the first place and could, therefore, be counterproductive?

**Daniel Zeichner:** There is a risk of that, of course. Equally, if we ask ourselves, “What are we going to do to help protect local communities?”, we have to make a judgment on the balance of the risk. In most areas, our biggest problem is not lots of new services being suppressed by the threat of their being declared an asset of community value. Generally, the threat is the other way around, with services gradually being eroded.

I certainly do not suggest that the proposal is a panacea or an answer. My concern is that, all too often, by the time people have got together and responded to the possibility of a change, it is too late, and once the service has gone people basically give up—we are often dealing with relatively small numbers—and do what people have always had to do, which is turn to an alternative, whether that be buying a motorbike or forking out for a car, even though that might be difficult. That is what, in the spirit of this discussion, we are trying to prevent. The scale is obviously different from that of the problems in our major conurbations, which have rightly occupied much of our discussion today, but the amendment would be a positive contribution that would help people in other parts of the country.

**Lilian Greenwood:** I listened to the concern voiced by the hon. Member for Bexhill and Battle, but surely, where a new route had been set up, the traffic commissioner would not be minded to allow it to be designated as an asset of community value, because it would not be sufficiently long standing for that to be appropriate. Much as I understand his concerns, I do not think that they are well placed in this context.

4.45 pm

**Daniel Zeichner:** Yet again, my hon. Friend is absolutely right. This is about trying to find ways of tackling the relentless erosion of services that have been a key part of the fabric of many communities.

Happily, I have been provided with a particularly good example from the constituency of Witney, which I am sure a number of us have had cause to visit in the last year—well, we should have, anyway. I did. I am not sure why, in retrospect—[*Laughter.*] It was because I was a good friend of the unsuccessful Labour candidate. Anyway, in the face of vital service withdrawals, the

local Labour and Co-operative councillors in Witney—I think it was the Labour candidate, in fact—have helped to save local bus services for the community.

The West Oxfordshire Community Transport benefit society was formed, and its people’s bus service has begun to carry passengers. It has managed to maintain timetables, fares and the routes that people in the area rely on, but one thing is different about that new service—it belongs to the community itself and will be run not for profit. As it is a community benefit society, anyone is able to join, which has an additional effect in terms of community development and bringing people together. That is a good example of the types of organisations and communities that would benefit from the amendment.

The amendment would go one step further than the existing Localism Act powers and place a duty on the Secretary of State to provide financial assistance, training and advice to communities working to save routes through the new moratorium period. We think it is an innovative proposal that could be built on by a Government that wished to join the hundreds of communities around the country that will meet today or this week to discuss ways in which they can maintain their area’s bus service.

**Andrew Jones:** Amendment 30 would reinforce the local importance of certain bus services by enabling them to be designated as routes of community value. I am fully aware of the issues that many people experience with bus services that are under threat or have been reduced, and there is no doubt that many local authorities face funding issues and therefore difficult decisions about the services that they wish to subsidise. However, in several areas of the country we are seeing innovative solutions, from the community transport sector stepping in to the provision of more integrated services and the Total Transport pilot schemes that my Department is supporting. It is encouraging to hear the story from Witney. Interestingly, that is not an area that I have been to for quite a long time. I hope that my hon. Friend the Member for Sherwood is not listening. [*Laughter.*] Well, it was never in doubt, was it?

The amendment would resolve issues relating to the continued provision of services on routes that are deemed to be of community value. I agree that where services are to be cut or their frequency is to be significantly reduced, commercial operators—or, in the case of subsidised services, local authorities—must do all they can to keep people informed, consult them and seek to pass on a service in some form. That is part of the thinking behind clause 19, which provides for greater information to be provided to local authorities when a service is reduced or cancelled.

However, I do not think that it is reasonable or sensible to force operators to continue to operate a service, potentially at significant financial detriment, for six months rather than the 56 days currently required. Doing so could act as a disincentive for operators to trial new services, step in to see whether they can make a service viable or operate services commercially where local authority funding is precarious and can be kept going for only a short time. The unintended consequences could easily outweigh the benefits that the Opposition wish to see. I hope that, in the light of those considerations, the hon. Member for Cambridge feels able to withdraw his amendment.

**Daniel Zeichner:** I will withdraw the amendment, but I will make one observation. I am not entirely sure why this is different from declaring the last pub in a village an asset of community value. As far as I can see, exactly the same considerations apply. If it is good enough for the pub, why is it not good enough for the bus service?

I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 14 ordered to stand part of the Bill.*

*Clause 15 ordered to stand part of the Bill.*

*Ordered, That further consideration be now adjourned.—*  
*(Mark Spencer.)*

4.51 pm

*Adjourned till Thursday 16 March at half-past  
Eleven o'clock.*

**Written evidence reported to the House**

BSB01 Bus user group for Potters Bar and the city of St Albans  
BSB02 Roger Sexton  
BSB03 Equality and Human Rights Commission  
BSB04 Dr John Disney  
BSB05 Gordon Forster  
BSB06 Age UK  
BSB07 FirstGroup  
BSB08 Dr Jon Lamonte, Chief Executive, Transport for Greater Manchester

BSB09 Greater Manchester Local Enterprise Partnership  
BSB10 Arriva  
BSB11 Chartered Institute of Logistics and Transport  
BSB12 Martin Carr  
BSB13 Tom Kearney  
BSB14 Catherine Casserley and Chris Fry, legal advisers to Mr Paulley (in relation to the amendment for priority wheelchair spaces (NC7))  
BSB15 National Express West Midlands  
BSB16 Association of Colleges  
BSB17 Jeffrey Richard Harvey  
BSB18 Campaign for Better Transport



# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### BUS SERVICES BILL [*LORDS*]

*Third Sitting*

*Thursday 16 March 2017*

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#### CONTENTS

SCHEDULE 4 agreed to, with an amendment.  
CLAUSES 16 and 17 agreed to.  
CLAUSE 18 agreed to, with some amendments.  
CLAUSE 19 agreed to, with an amendment.  
CLAUSES 20 and 21 agreed to.  
New clauses considered.  
CLAUSES 22 to 25 agreed to.  
CLAUSE 26 agreed to, with an amendment.  
Bill, as amended, to be reported.  
Written evidence reported to the House.

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No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

**not later than**

**Monday 20 March 2017**

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**The Committee consisted of the following Members:**

*Chairs:* †ALBERT OWEN, MR DAVID NUTTALL

- |   |  |
|---|--|
| † Ansell, Caroline ( <i>Eastbourne</i> ) (Con)                                  | † Phillipson, Bridget ( <i>Houghton and Sunderland South</i> ) (Lab) |
| † Dakin, Nic ( <i>Scunthorpe</i> ) (Lab)  | † Robinson, Mary ( <i>Cheadle</i> ) (Con)                            |
| † De Piero, Gloria ( <i>Ashfield</i> ) (Lab)                                    | † Spencer, Mark ( <i>Sherwood</i> ) (Con)                            |
| † Freer, Mike ( <i>Finchley and Golders Green</i> ) (Con)                       | † Stringer, Graham ( <i>Blackley and Broughton</i> ) (Lab)           |
| † Green, Chris ( <i>Bolton West</i> ) (Con)                                     | Tracey, Craig ( <i>North Warwickshire</i> ) (Con)                    |
| † Greenwood, Lilian ( <i>Nottingham South</i> ) (Lab)                           | † Zeichner, Daniel ( <i>Cambridge</i> ) (Lab)                        |
| † Jones, Andrew ( <i>Parliamentary Under-Secretary of State for Transport</i> ) |  |
| † Knight, Julian ( <i>Solihull</i> ) (Con)                                      | Kenneth Fox, Jennifer Burch, <i>Committee Clerks</i>                 |
| † Mann, Scott ( <i>North Cornwall</i> ) (Con)                                   |  |
| † Merriman, Huw ( <i>Bexhill and Battle</i> ) (Con)                             | † <b>attended the Committee</b>                                      |

## Public Bill Committee

Thursday 16 March 2017

[ALBERT OWEN *in the Chair*]

### Bus Services Bill

11.30 am

**The Chair:** I remind all persons present in the room to ensure that their electronic devices are in silent mode. Today's selection list is available in the room. I remind the Committee that we will consider the clauses and schedules in the order set out in the programme motion, which was agreed on Tuesday and is at the back of the amendment paper.

#### Schedule 4

FURTHER AMENDMENTS: ENHANCED PARTNERSHIP  
PLANS AND SCHEMES

*Amendment made:* 18, in schedule 4, page 88, line 12, leave out "123A(4)(b) to (f)" and insert "123A(4)".—  
(*Andrew Jones.*)

*See explanatory statement for amendment 17.*

*Schedule 4, as amended, agreed to.*

*Clauses 16 and 17 ordered to stand part of the Bill.*

#### Clause 18

POWER TO REQUIRE PROVISION OF INFORMATION ABOUT  
ENGLISH BUS SERVICES

**The Parliamentary Under-Secretary of State for Transport (Andrew Jones):** I beg to move amendment 12, in clause 18, page 74, leave out lines 7 to 12 and insert—  
"which have one or more stopping places in their areas".

*This amendment will allow regulations under new section 141A of the Transport Act 2000 to require local transport authorities to provide information about all relevant local services which have stopping places in their areas. As currently drafted the power is available only where there are franchising arrangements.*

**The Chair:** With this it will be convenient to discuss Government amendments 13 and 14.

**Andrew Jones:** An important element of the Bill is the availability of journey planning information about bus services. The clause will facilitate the provision to passengers of information about timetables, fares, routes and tickets, and live information about bus arrival times. This is one of the most exciting parts of the Bill.

Amendment 12 will allow the Secretary of State to make regulations requiring all local transport authorities, rather than just those that are franchising authorities, to provide prescribed information about local bus services. Our overall policy intention is still for operators to be responsible for providing route, timetable, fares, tickets and real-time information. However, during the development and drafting of the Bill, our discussions with operators and local authority representatives highlighted that current practices in the industry mean that local authorities rather than operators often hold the relevant information. That is particularly the case in respect of real-time information.

Historically, local authorities invested in real-time information systems, including the equipment fitted to the vehicles. In those cases, it will be important to require local authorities rather than operators to provide the relevant information. Without the amendment, there is a risk that the amount of real-time information available to passengers reduces in future because operators cannot provide the information held by the authority. To ensure that there is no degradation in the level of service available to passengers, we will amend the clause so that real-time information may be required from the local authority if it owns the real-time system. The intention is for that to be a short-term measure while appropriate processes and procedures are put in place to enable the obligation to be passed to operators.

Stakeholders have stressed the importance of two existing datasets currently maintained by local authorities, which accurately and uniquely describe and locate all bus stops in a common format. Those datasets are fundamental to the production of meaningful journey planning information for passengers. However, they are currently maintained by local authorities on a voluntary basis. Should it become necessary to put the ongoing maintenance of the datasets on to a statutory footing, amendments 13 and 14, in conjunction with amendment 12, will ensure that regulations could be made requiring information about stopping places to be provided and maintained by local transport authorities or operators.

The Secretary of State must consult with local authority operators and passenger representatives before making such regulations, and any impacts of new requirements will be assessed before implementation. The regulations are also subject to the affirmative procedure, so Parliament will be able to debate the detail of the final regulations.

The amendments are necessary to ensure that the level of information currently available to passengers is not reduced in the transition to the new open data arrangements, and to secure the maintenance of the datasets that are fundamental to all open data requirements. We are seeking to make information available from which app developers can produce products that offer a service outside London that will be comparable to that which is available inside London. We are not thinking of developing such a measure within the Department, but thinking of making it available so that entrepreneurs can pick it up, run with it and create exciting products.

**Nic Dakin (Scunthorpe) (Lab):** It is important that products are equally as accessible to small providers and large providers. Will that be the case?

**Andrew Jones:** Yes.

**Daniel Zeichner (Cambridge) (Lab):** I share the Minister's excitement on the clause. It is a huge opportunity. We have absolutely no objections to it, we are enthusiastic and support it. I reflect in passing on the amazing work that has gone on in London through Transport for London, and would have had across the rest of the country if we had had a similar system for the past 30 years.

**Andrew Jones:** I suspect we are going to have a further outburst of Tuesday's agreeing with each other. Helping passengers with information on how bus services in their areas can meet their transport needs will put more passengers on to buses. That is fundamental to what the Bill is about and why the clause is central to the Bill.

*Amendment 12 agreed to.*

*Amendments made:* 13, in clause 18, page 74, line 22, after “routes,” insert “stopping places.”

*This amendment and amendment 14 ensure that information about stopping places is included in the types of information that can be required by regulations under new section 141A of the Transport Act 2000.*

Amendment 14, in clause 18, page 74, line 23, at end insert “stopping places.”—(Andrew Jones.)

*See the explanatory statement for amendment 13.*

*Clause 18, as amended, ordered to stand part of the Bill.*

### Clause 19

#### VARIATION OR CANCELLATION OF REGISTRATION: SERVICE INFORMATION

**Lilian Greenwood** (Nottingham South) (Lab): I beg to move amendment 31, in clause 19, page 76, line 5, leave out “may” and insert “shall”.

*This amendment would specify that regulations will require, rather than may require, operators to provide prescribed information.*

**The Chair:** With this it will be convenient to discuss amendment 32, in clause 19, page 76, line 13, leave out from “application” to end of line 14.

*This amendment is consequential on amendment 31.*

**Lilian Greenwood:** It is a pleasure to be back in the Bill Committee and serving under your chairmanship, Mr Owen. I hope the Minister will accept the amendments as being helpful and seeking to improve the Bill.

I will begin by explaining the background. The Competition Commission completed an investigation into bus markets in 2011 and recommended that the Government give local transport authorities powers to obtain revenue and patronage information for de-registered services and the right to disclose that information to potential bidders for subsequent tenders. It also recommended a 14-day pre-notification period preceding formal service registrations, variations and withdrawals, which I think was partly aimed at curbing undesirable operator behaviour—bus wars—but was also relevant to its recommendation regarding supported services, specifically in relation to the provision of revenue and patronage information. However, it was not specific in its report about whether those data should be provided by default, or whether the onus should be on local transport authorities to request it. I contend that providing those data should be the default, rather than it having to be requested every time.

Fundamentally, the amendment is about efficiency—the efficient operation of the tendered bus services market and the efficient administration of that market, both of which have clear implications for public funds. It would not be a significant burden on operators to provide the data by default because a competent operator would already have the data to hand, as they would have been vital in informing their decision to withdraw or vary the service.

Nowadays, data are available in electronic form, so it would be fairly straightforward for the local transport authority to agree with operators a standard format for the provision of data. Many have already done so for financially supported services. Service changes where the provision of data is not necessary—for instance,

normal frequency increases or minor time changes—can be specified in the regulations, making it clear what data the local transport authority is entitled to.

On the contrary, it would be an administrative burden, both for local transport authorities and operators, for the data to be requested and provided on an ad hoc basis. If the data were provided at the start of the pre-notification period, the local transport authority could make initial preparations for whether and how to replace most effectively the commercial service and, if appropriate, challenge the operator’s intention. That could result in either the operator continuing to provide the service commercially or amending the variation, so that less public sector service support was required.

Provision of the data to all potential bidders would encourage more and better-informed bids, which would result in more competitive prices, a lower risk of successful bidders being unable to sustain the service and, therefore, a lower risk of the need to retender the service, with associated administration costs and potential disruption to passengers. It would, of course, reduce the ability of operators to game the system by withdrawing or reducing a profitable service in the expectation of regaining the service when it was put out to tender.

In summary, having information available as quickly as possible is essential for supporting efficient passenger services and minimising disruption. The amendment seeks to address concerns raised by the Competition Commission and to implement its recommendations most effectively. Making provision of information the default and automatic removes unnecessary bureaucracy. Any draft regulations should align with the provision, making it clear that when an operator applies to vary or cancel a service registered under section 6, the operator should automatically disclose the information to the authority.

**Andrew Jones:** I will speak to amendments 31 and 32, tabled by the hon. Member for Nottingham South. They would require operators to provide the prescribed information automatically, without the local authority having to request it. The purpose of clause 19 is to improve competition in the supported services market by putting all bidders on an even footing, which is clearly positive.

Where an operator chooses to reduce or withdraw a service, the clause should help prevent incumbent operators from having an unfair advantage when preparing a bid, if the local authority decides to tender for a replacement service.

Not all local authorities will want to provide a subsidised service. If the requirement to provide information were automatic, it could present an unnecessary burden on both the operator and the council when there is no intention to proceed. They would simply be required to provide information to the local authority, even if no one intends to make use of it.

There is nothing in the provisions to prevent a local authority whose default position is always to consider tendering for replacement service from reaching an agreement with operators in their area for the information to be provided automatically, but compelling such activities regardless of need seems unnecessary and a bit excessive.

I hope that explanation and the reassurances are helpful to the Committee and that the hon. Lady feels able to—

**Graham Stringer** (Blackley and Broughton) (Lab): Will the Minister give way?

**Andrew Jones:** Good timing; I had two words left.

**Graham Stringer:** I am grateful to the Minister. He makes the fair point that there may not be a substitute subsidised service. My hon. Friend the Member for Nottingham South made the case that many bus companies, to get round the competition and to game the system, withdraw profitable services in order to get an extra subsidy. What will the Minister do to stop that happening? He has not addressed that point at all.

11.45 am

**Andrew Jones:** It is addressed by the fact that the local authority can request, at its instigation, data from the bus operator to prevent that from happening. It will have transparency on that. I am aware of such things happening in theory—the case was made by the hon. Member for Nottingham South—but the system is there to prevent that from happening. The question is whether the information is given at the request of the local authority or automatically, regardless of need.

**Lilian Greenwood:** Does the Minister not think that it could reduce bureaucracy if operators knew that they would always have to provide that information, rather than the local authority having a limited period to request the information and the operator then having to go away and find it? If it is readily available, as it must be if the operator has considered withdrawing or amending a service, surely it would be simpler if operators always provided that information.

**Andrew Jones:** The information will clearly be available, because the operator will be making a commercial decision, based on information. However, if the authority has no intention of taking it forward, do we need to go ahead with this proposal, or is it excessive? If sufficient interest in doing so is expressed in the current consultation, I am happy to consider adding a mechanism in the draft regulations under the clause to allow a local authority to notify operators if it wishes always to receive such information, but otherwise I think that it is excessive.

**Lilian Greenwood:** I thank the Minister for that assurance. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Andrew Jones:** I beg to move amendment 15, in clause 19, page 76, line 36, at end insert—

“( ) In this section “local transport authority” has the meaning given in section 108(4) of the Transport Act 2000.”

*This amendment adds a definition of a term, “local transport authority”, which appears in the clause.*

Clause 19 provides powers to the Secretary of State to make regulations that enable local transport authorities to request information on the revenue and patronage of commercial bus services that are being withdrawn or reduced, and to disclose that information to bidders for subsequent tenders. Amendment 15 is a little dry and technical. It basically adds a definition to the term

“local transport authority” to clarify that it has the same meaning as in section 108(4) of the Transport Act 2000. It is necessary because otherwise there would be no clarity about the definition of a local transport authority in proposed new section 6C of the Transport Act 1985.

*Amendment 15 agreed to.*

*Clause 19, as amended, ordered to stand part of the Bill.*

*Clauses 20 and 21 ordered to stand part of the Bill.*

### New Clause 1

#### BUS COMPANIES: LIMITATION OF POWERS OF AUTHORITIES IN ENGLAND

“(1) A relevant authority may not, in exercise of any of its powers, form a company for the purpose of providing a local service.

(2) Subsection (1) applies whether the relevant authority is acting alone or with any other person.

(3) In this section—

“company” has the same meaning as in the Companies Acts (see sections 1(1) and 2(1) of the Companies Act 2006);

“form a company” is to be construed in accordance with section 7 of the Companies Act 2006;

“local service” has the same meaning as in the Transport Act 1985 (see section 2 of that Act);

“Passenger Transport Executive”, in relation to an integrated transport area in England or a combined authority area, means the body which is the Executive in relation to that area for the purposes of Part 2 of the Transport Act 1968;

“relevant authority” means—

(a) a county council in England;

(b) a district council in England;

(c) a combined authority established under section 103 of the Local Democracy, Economic Development and Construction Act 2009;

(d) an Integrated Transport Authority for an integrated transport area in England;

(e) a Passenger Transport Executive for—

(i) an integrated transport area in England, or

(ii) a combined authority area.”—(*Andrew Jones.*)

*This amendment prohibits county and district councils in England, combined and integrated authorities in England and passenger transport executives in England from setting up companies to provide local services.*

*Brought up, and read the First time.*

*Question put, That the clause be read a Second time.*

*The Committee divided: Ayes 9, Noes 5.*

#### Division No. 5]

#### AYES

Ansell, Caroline

Freer, Mike

Green, Chris

Jones, Andrew

Knight, Julian

Mann, Scott

Merriman, Huw

Robinson, Mary

Spencer, Mark

#### NOES

Dakin, Nic

Greenwood, Lilian

Phillipson, Bridget

Stringer, Graham

Zeichner, Daniel

*Question accordingly agreed to.*

*New clause 1 read a Second time, and added to the Bill.*

## New Clause 2

### NATIONAL STRATEGY

“(1) The Secretary of State must, within 12 months of the day on which this Act is passed, publish a national strategy for local bus services setting out the objectives, targets and funding provisions for rural, urban and inter-urban local bus services in the ten years after Royal Assent is given to this Act.

(2) The national strategy must include a consideration of a reduced fare concessionary scheme for young people aged between 16 and 19.”—(*Daniel Zeichner.*)

*This new clause would require the Secretary of State to publish a national strategy for buses.*

*Brought up, and read the First time.*

**Daniel Zeichner:** I beg to move, That the clause be read a Second time.

The new clause would mandate that the Secretary of State for Transport must issue a national strategy for local bus services, setting out the objectives, targets and funding provisions for buses over the next 10 years. Subsection (2) would mandate that the national funding strategy must include consideration of a reduced concessionary fare scheme for young people aged 16 to 19.

We believe that the new clause is necessary and long overdue. The Government have published national investment strategies for road and rail, as well as a draft investment strategy for cycling and walking—the latter is proceeding at a snail’s pace, but I am sure it will be welcome when it arrives—so why not a strategy for buses? The way buses are funded in this country is not simple, as we have discovered during our discussions; it is a complicated mix that has developed over time with piecemeal changes. We might describe it as a very British approach; it sort of works—not well enough, in our view—but almost no one knows how.

What we do know is that almost half of bus industry funding comes from the public purse. Total public support for buses accounted for 41% of overall industry funding in 2014-15, and in 2010-11 that figure was even higher at 46.3%. We know that money goes towards funding socially necessary supported services on routes not served commercially by private operators through central Government’s general grant to local authorities and the reimbursement of bus operators for trips made by concessionary pass-holders, including the statutory older persons’ and disabled passengers’ scheme.

I spent some time during the early years of the concessionary fares scheme introduced by the Labour Government trying to find out how the funding flows worked, not least because many district authorities suddenly found themselves substantially out of pocket at that time. I would like to be able to say that the many hours I devoted to it were well spent, but I have to confess that, despite much help from officials, I never really got to the bottom of how reimbursement rates were calculated and, in some cases, negotiated. I suspect that the number of people in the country who fully understand it could comfortably fit in a small room—some of them may be in this one today.

Large amounts of public money are spent on concessionary fares and the scheme is so popular that subsequent Governments have been reluctant to touch it, yet there is no overall mechanism for assessing the impact on the bus sector. As I have remarked previously, there is not a lot of point in having a bus pass if there is

no bus. Other questions are raised, often in areas where buses have disappeared, such as why community transport should not be available through the bus pass scheme.

On top of that complexity, we have the bus service operators grant—BSOG, to those of us who take part in the discussions—which was introduced back in 1965 as the fuel duty rebate. It is a rebate paid directly to operators and dates from a time when it was mainly an accounting transaction within the public sector. Of course, the world has changed considerably over that half-century—at times BSOG has changed with it. I suspect we will revisit that point later in our debate. I am informed by the Community Transport Association that in 2013, 21% of community transport schemes were completely reliant on BSOG, and 75% relied on it to some extent. There is a not insignificant amount of public money being spent.

The Government have argued, as I am sure they will this morning, that since the bus industry is a private one, a national investment strategy is inappropriate and unnecessary. However, where such large amounts of public money are being spent, even if the services are being delivered by private operators, we think it only right that there should be a proper planning strategy for how and why it is spent, as well as plans and objectives for future spending. Indeed, the Government themselves have said:

“Requiring operators to use their assets to provide a free service for a proportion of the population is a major market intervention”.

That is precisely why we need a proper strategy to be set out with clear objectives.

It is pretty clear—this is relevant to our earlier discussions on franchising—that there is scope to get better bang for the public buck. As my hon. Friends have several times said, the largest bus operators report significant profit margins. According to their annual reports, in 2014-15 Stagecoach’s operating profit margin on its regional bus routes was 13.5% and Go-Ahead’s was 13%. Yet those profits are not being shared with the public, despite the fact that large sums of public money are being invested in bus services.

**Julian Knight (Solihull) (Con):** Surely the point is that profits are being shared with the public, through shareholder dividends.

**Daniel Zeichner:** Shareholder dividends may be shared with some members of the public, but not many of my constituents find such money coming into their pockets. I think they would rather have it more directly, in lower bus fares.

Rather than getting money from dividends, bus passengers pay the price for those substantial profits, because bus fares have been rising. According to the Department for Transport’s local bus fares index, fares in England, outside London, rose by more than 156% between 1995 and 2016, while the retail prices index rose by 77%. That shows that bus fares—and I think that this is virtually everyone’s personal experience—have risen much faster.

Equally, bus companies sometimes tell us that the rising fares are due to rising fuel prices, but a number of us have noticed that when fuel prices go down, fares rarely fall; they tend to remain static. We believe that there is a strong case for a bus investment strategy, and we hope that the Minister will reconsider his objections.

[Daniel Zeichner]

Subsection (2) of the new clause relates to the consideration of a reduced fares scheme for young people. It would simply require the Government to look at and consult on funding options to help young people with the cost of travel. Many young people have to take the bus to school or college, but the number of councils financially able to provide a discretionary young person's pass has dropped from 29 to just 16 since 2010. With fares shooting up faster than inflation, the Government should look properly at introducing a statutory concessionary fare scheme for young people.

I appreciate that that would be a substantial commitment, but we ask the Government only to consider it and to do the preparatory work. I remember that, when I and others first suggested the older people's concessionary fares scheme to a Labour Transport Secretary who later became Chancellor, his immediate response was less than encouraging, but popular measures have a habit of making their way into manifestos—and the rest is history.

We all know that for many young people, the cost of getting to college and job interviews, and just of getting out to have a life, is a key determinant of what lies ahead of them. That is why the Opposition thought that the education maintenance allowance was so precious and that it was a mistake to remove it. Agreeing to the new clause would be a first tentative step in repairing the damage to the prospects of many young people and families who might even be described as “just about managing”.

There is not a word about funding in the Bill, yet cuts to local authority budgets have meant that thousands of routes and services have had to be withdrawn since 2010. Young persons' concessionary fare schemes have been cut, while large operators have experienced generous profit margins. The way buses are funded is not working well enough. We need a proper Government strategy to address the illogicalities of funding, and to bring buses into line with other modes of transport. The new clause would help to achieve that objective, and would send a strong message to young people that the Government understand what life is like for them.

**Andrew Jones:** New clause 2 would require the Secretary of State to develop and publish a national bus strategy. The hon. Gentleman mentioned that there is nothing in the Bill about funding. That is right; it is not a Bill about funding. It is about providing authorities with new tools to enable them to improve their local services in the way that best suits their areas.

Central Government have a valuable role to play in providing funding and setting the wider agenda through policy initiatives such as the low-emission bus scheme and our Total Transport pilots, but a centrally determined strategy for local bus services would not help local authorities to address issues relevant to them and their area. I am slightly reminded of a saying from my 25 years in business: “I'm from head office and I'm here to help.” Rarely is that the truth.

12 noon

I can assure the hon. Member for Cambridge that my Department already, without his proposed strategy, provides significant certainty of funding for bus services. As part of the 2015 spending review, we protected BSOG at

current funding levels for the period up to 2020-21. That funding is provided directly to local authorities and bus operators. It is not broken down by categories of service. Attempting to do so in any precise way would be a somewhat bureaucratic exercise that could simply embroil central Government in the detail of something that should be and is decided locally—local bus service provision.

Similarly, the statutory responsibility for transport to education and training for 16 to 19-year-olds rests with local authorities. That enables them to make the decisions that best match local need and circumstance. Many authorities and operators already offer discounts for passengers in that age group. I reassure the Committee, however, that the Government fully appreciate the importance of public transport for young people, particularly those living in more isolated areas. We recognise that the cost of transport can be an issue for young people—it can be an issue for all of us, but perhaps more acutely for the young. That is one reason for the introduction of the 16 to 19 bursary fund. The Committee may be interested to know that, in the year to September 2016, local bus fares in England increased by 0.6%—the rate of increase was significantly slower than that for the retail prices index, at 2%.

In short, the new clause would not add anything to help local authorities to deliver their services on a local basis, or directly benefit passengers, which is why I cannot support it. I hope the hon. Gentleman feels able to withdraw it.

**Daniel Zeichner:** I am slightly disappointed by the Minister's response, although obviously not entirely surprised. For bus passengers in areas where bus services are being withdrawn, the question whether the funding is coming from the Department for Transport or through local authorities from other Departments is a touch immaterial—the bus has gone. We have seen the figures for this right across the country. Across whole swathes of the country, buses have gone because the funding to support them is not there. From the passengers' point of view, that is all that matters. I am therefore disappointed that the Minister does not think that funding is worth addressing.

**Graham Stringer:** Did my hon. Friend notice, as I did, that when the Minister was relaying his experience of working in the private sector, he said that head office was rarely there to help? This is precisely the justification he has given for the mountains of regulations imposed centrally on transport authorities—he has said on a number of occasions in this Committee that the Department is there to help. When it comes to writing out a strategy, he will not do it, but when it comes to interfering in the detail, he will. Does he recognise that that is a huge contradiction?

**Daniel Zeichner:** I am grateful to my hon. Friend. I am sure that those who are carrying the 168 pages of guidance around under their arms will notice that head office is indeed there to offer a little assistance on occasion. We are returning to the theme running through the debate of the relationship between the centre and localities.

To return to the points about funding, just yesterday we saw newspapers in Stockton talking about the three women who describe themselves as “the three busketeers”.

They have found that their bus route has been axed and it costs them £6 to get a taxi to go and buy a pint of milk. That is the reality on the ground that people face, so funding is crucial, which is why we think the new clause is important.

The debate about opportunities for young people will no doubt be rehearsed over the next two or three years, and it will be a political decision in the end. I will not press the Minister on this, because I am sure he does not have the figures on the number of people benefiting from the 16 to 19 bursary, but I get no sense from my FE college and others that that has been a successful way of addressing that problem. The Opposition will come forward with what I hope will be a much more attractive offer to young people at the next general election. On that basis, I will press the motion to a vote.

*Question put, That the Clause be read a Second time.*

*The Committee divided: Ayes 5, Noes 9.*

### Division No. 6]

#### AYES

Dakin, Nic	Stringer, Graham
Greenwood, Lilian	
Phillipson, Bridget	Zeichner, Daniel

#### NOES

Ansell, Caroline	Mann, Scott
Freer, Mike	Merriman, Huw
Green, Chris	Robinson, Mary
Jones, Andrew	Spencer, Mark
Knight, Julian	

*Question accordingly negatived.*

### New Clause 3

#### DISABILITY AWARENESS TRAINING

“(1) All drivers of buses and staff at bus terminals must complete approved disability equality and awareness training (“approved training”) by 1 April 2019.

(2) This training must cover the needs of persons with mental or physical disabilities, including hidden disabilities.

(3) After 1 April 2019—

(a) all new bus drivers and terminal staff must complete approved training within one month of starting work; and

(b) bus drivers and terminal staff must undertake refresher training at least once every three years.

(4) Bus operating companies must consult passenger groups, disability stakeholder groups, trade unions and relevant authorities when developing their approved training for bus drivers and terminal staff.

(5) In this section “approved training” means a training course concerning the needs of persons with mental or physical disabilities, including hidden disabilities, who use or seek to use bus services, approved in a manner specified by regulations to be made by the Secretary of State.”. —(*Daniel Zeichner.*)

*This new clause would require all drivers of buses and staff at bus terminals to complete approved disability equality and awareness training by 1 April 2019.*

*Brought up, and read the First time.*

**Daniel Zeichner:** I beg to move, That the clause be read a Second time.

**The Chair:** With this it will be convenient to discuss the following:

New clause 4—*Ability to make adjustments for disabled passengers.*

“Insert new section 6AA into the Transport Act 1985—

“(1) A condition for registration of a local bus service in England is that the operator has policies in place to ensure that it is able to conform to its duty under section 20 of the Equality Act 2010 to make adjustments for any disabled passenger on the bus.

(2) This condition will be enforced by the Traffic Commissioner.”.

*This new clause would make it a condition for registration of bus services in England that bus operators have in place policies to ensure that they are able to make adjustments for any disabled passenger on the bus. This comes following the Supreme Court decision First Group v Paulley.*

New clause 7—*Priority wheelchair spaces.*

“(1) The Secretary of State may by regulations make such provision as appears to the Secretary of State to be appropriate for the purpose of facilitating travel by wheelchair users on local services.

(2) The regulations may in particular require operators of local services to put in place and enforce a policy for priority wheelchair spaces.

(3) For the purposes of subsection (2) a policy for priority wheelchair spaces is one under which—

(a) a wheelchair user has priority use of any wheelchair space on a public service vehicle unless it is not reasonable for other passengers to vacate the space;

(b) other passengers are required to vacate the space for the wheelchair user if it is reasonable for them to do so; and

(c) a passenger who unreasonably refuses to vacate the space may, if necessary, be required to leave the vehicle.

(4) The power conferred by subsection (1) includes power to amend, repeal, revoke or otherwise modify—

(a) an Act passed before or in the same Session as this Act; or

(b) an instrument made under an Act before the regulations come into force.

(5) Regulations under this section must be made by statutory instrument.

(6) A statutory instrument which contains (whether alone or with other provision) regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.”.

*This new clause enables the Secretary of State to make regulations to require bus operators to put in place and enforce policies for priority wheelchair spaces.*

New clause 9—*Accessibility policies for bus passengers.*

“(1) After section 181 of the Equality Act 2010 insert—

#### “Chapter 2A

##### Bus Services

181E Accessibility policies for bus passengers

(1) The Secretary of State may, for the purpose of facilitating travel by disabled persons, make regulations requiring operators of local services to put in place and publish policies for making their services accessible.

(2) The regulations may make provision about—

(a) what is to be included in the policies;

(b) how and where the policies are to be published.

(3) The regulations may, in particular, require an operator of a local service to make provision in the policy about—

(a) passenger information;

(b) fares, tickets and reservations;

(c) facilities and assistance on the vehicle;

- (d) priority seating and wheelchair and scooter space;
  - (e) connections to local services and transport interchange;
  - (f) diversions, disruptions and alternative accessible transport;
  - (g) contact details, feedback and complaints;
  - (h) staff training.
- (4) The regulations may, in particular—
- (a) specify ways of making the policies available, including different media and alternative formats;
  - (b) specify standards and guidelines relevant to the policies or means of publication;
  - (c) specify requirements for reviewing the policies.
- (5) Regulations under this section may make different provision—
- (a) as respects different descriptions of vehicle;
  - (b) as respects the same description of vehicle in different circumstances.
- (6) Before making regulations under this section, the Secretary of State must consult—
- (a) the Welsh Ministers;
  - (b) the Scottish Ministers.

#### 181F Exemptions etc

- (1) The Secretary of State may by regulations make provision for securing that the provisions of regulations under section 181E do not apply or apply subject to such modifications or exceptions as the regulations may specify to—
- (a) public service vehicles of a prescribed description;
  - (b) operators of a prescribed description;
  - (c) local services of a prescribed description.
- (2) Regulations under subsection (1)(b) may, in particular, make provision by reference to an operator's size.
- (3) Regulations under this section may also make provision for securing that the provisions of regulations under section 181E do not apply or apply subject to such modifications or exceptions as the regulations may specify to—
- (a) a prescribed public service vehicle;
  - (b) public service vehicles of a prescribed operator;
  - (c) a prescribed local service.
- (4) Regulations under subsection (1) or (3) may make the provision subject to such restrictions and conditions as are specified in the regulations.
- (5) Regulations under subsection (1) or (3) may specify the period for which provisions of those regulations are to have effect.
- (6) Regulations under subsection (1) may make different provision for different areas.
- (7) Section 207(2) does not require regulations under this section that apply only to—
- (a) a prescribed public service vehicle,
  - (b) public service vehicles of a prescribed operator, or
  - (c) a prescribed local service,
- to be made by statutory instrument; but such regulations are as capable of being amended or revoked as regulations made by statutory instrument.
- (8) Before making regulations under this section, the Secretary of State must consult—
- (a) the Welsh Ministers;
  - (b) the Scottish Ministers.

#### 181G Guidance

- (1) The Secretary of State must issue guidance about the duties imposed on operators of local services by regulations under section 181E.
- (2) The Secretary of State—

- (a) must review the guidance issued under subsection (1), at intervals not exceeding five years, and
  - (b) may revise it.
- (3) Before issuing the guidance or revising it in a way which would, in the opinion of the Secretary of State, result in a substantial change to it, the Secretary of State must consult—
- (a) the Welsh Ministers,
  - (b) the Scottish Ministers,
  - (c) the Passengers' Council,
  - (d) such organisations representing disabled persons, including the Disabled Persons Transport Advisory Committee and the committee established under section 72 of the Transport (Scotland) Act 2001, as the Secretary of State thinks fit,
  - (e) such organisations representing operators of local services as the Secretary of State thinks fit, and
  - (f) such other persons as the Secretary of State thinks fit.
- (4) The Secretary of State must arrange for any guidance issued or revised under this section to be published in a way the Secretary of State considers appropriate.

#### 181H Interpretation

- (1) In this Chapter—
- “local service” has the same meaning as in the Transport Act 1985;
  - “public service vehicle” means a vehicle that is a public service vehicle for the purposes of the Public Passenger Vehicles Act 1981;
  - “stopping place” has the same meaning as in the Transport Act 1985.
- (2) For the purposes of this Chapter, a local service (“service A”) is a connecting local service in relation to another local service (“service B”) if service A has a stopping place at, or in the vicinity of, a stopping place of service B.
- (3) References in this Chapter to the operator of a passenger transport service of any description are to be construed in accordance with section 137(7) of the Transport Act 1985.”
- (2) In section 207 of that Act (exercise of power to make orders and regulations), in subsection (5), after “174(4)” insert “, 181E(5), 181F(6)”.
- (3) In section 208 of that Act (procedure for orders and regulations), in subsection (5) (statutory instruments subject to affirmative procedure), after paragraph (f) insert—
- “(fa) regulations under section 181E or 181F (accessibility policies for bus passengers);”
- (4) In section 26 of the Transport Act 1985 (conditions attached to PSV operators' licence), in subsection (1), after paragraph (bb) insert—
- “(bc) the operator has failed to comply with a requirement of regulations made under section 181E of the Equality Act 2010;”
- (5) In section 155 of the Transport Act 2000 (sanctions), after subsection (1ZD) (inserted by Schedule 4), insert—
- “(1ZE) Where a traffic commissioner is satisfied that the operator of a local service has, without reasonable excuse, failed to comply with a requirement of regulations made under section 181E of the Equality Act 2010, the traffic commissioner may make one or more orders under subsection (1A)(a) or (d).”
- (6) In section 39 of the Transport (Scotland) Act 2001 (penalties), in subsection (1)—
- (a) omit the “or” following paragraph (b);
  - (b) after paragraph (c) insert “; or
  - “(d) failed to comply with a requirement of regulations made under section 181E of the Equality Act 2010,”.

*This new clause inserts new sections into the Equality Act 2010 to enable the Secretary of State to make regulations requiring bus operators to publish accessibility policies for disabled passengers, and to give the Traffic Commissioners powers to enforce them. It reflects similar requirements on train companies.*

**Daniel Zeichner:** New clause 3 would require all bus drivers, as well as staff at bus terminals, to complete approved disability, equality and awareness training. That training should include mental and physical disabilities, including hidden disabilities, and make particular mention of those on the autistic spectrum.

An EU regulation on the rights of bus and coach passengers came into force in March 2013, and its chapter 3 relates to disabled passengers and persons with reduced mobility. We are aware that the UK legislated to provide certain exemptions to the regulation's requirements, including from the article 16(1) requirement for disability awareness training for personnel of carriers and terminal-managing bodies. In 2014, the then Transport Minister, the hon. Member for Scarborough and Whitby (Mr Goodwill), said:

"This exemption was applied in line with Government policy on adopting any EU legislation, to make full use of any derogation that would reduce costs to business. This policy ensures that UK businesses are not put at a competitive disadvantage compared with their European counterparts."—[*Official Report*, 9 January 2014; Vol. 573, c. 173WH.]

Put as bluntly as that, it rather sounds as though the Government's view is: "Stuff passengers, stuff safety; all that counts is cost to business." I am sure the Minister will be able to set me right on that.

The UK's five-year exemption from the EU directive requiring bus drivers and terminal staff to go undergo disability awareness training runs out in 2018. Given that the future status of such protections and exemptions is uncertain, we think it would be helpful to introduce clarity around mandatory disability, equality and awareness training. We understand from the guidance that the Government intend to do that, but given that the exemption is likely to still be running when the so-called great repeal Bill is brought forward, we believe it should be put in the Bill to ensure that it actually goes forward.

In 2014, the Government reviewed the exemption under article 16(2) to see whether drivers were receiving adequate disability training. The published responses showed, perhaps unsurprisingly, that the bus industry thought it was doing enough overall, while disabled people thought that it was not. My colleagues in the other place submitted an amendment but withdrew it following assurances from the Government Benches that

"there will be means other than this Bill to address any need to ensure that these requirements continue to apply to bus operators in the UK once we leave the European Union... We recognise the importance of driver disability training and are developing guidance to help implement it."—[*Official Report*, *House of Lords*, 20 July 2016; Vol. 774, c. 665.]

I see no reason why the Bill should not be the means to address mandatory disability awareness training for bus workers—after all, it is a Bill about buses. We hope for a positive response.

The Government's amendment on audio-visual systems, which I will return to, is linked to buses in a similar way. It seems fitting that an amendment on disability awareness training could be included in the Bill to put our minds at rest. The draft regulations say that the

Government are developing best practice in delivering disability awareness training, but to me that sounds like the training would still be optional and not nationally mandated. Particularly concerning is the comment that:

"Britain will in due course be leaving the EU. Until we do so we will meet our legal obligations."

That sounds like a minimalist approach, and the Opposition believe that we need to do better.

As I mentioned earlier, we are keen that disability awareness training also covers hidden disabilities such as neurological conditions. The Government funded national training for bus drivers as part of the Think Autism strategy, but we would like to see that go further in its scope and for the Secretary of State to ensure that training meets the needs of passengers with all forms of hidden disabilities.

In December 2015, when the then Secretary of State for Transport was asked if he would consider encouraging bus companies to give their staff more disability awareness training, he said:

"I will certainly give encouragement—not that they should need it—to the bus companies to make sure that facilities for disabled people are available and that their staff know the right way of making those facilities available to them. That is incumbent on all bus companies."—[*Official Report*, 10 December 2015; Vol. 603, c. 1136.]

However, in 2014, the Government estimated that only about three quarters of all bus and coach drivers had completed some form of disability awareness training.

**Lilian Greenwood:** I am sure that, like me, my hon. Friend welcomed the Government's change of heart on the provision of audio-visual indicators. However, many examples show why that is not sufficient and why we need the wider disability awareness training. I saw a piece by Patrick Robert, who travels with his guide dog. He said:

"I have had... some bad experience with bus drivers not stopping at the bus stop but a few metres away. Obviously if a bus driver does not stop in front of me, it makes it impossible for me to discuss with them and check the bus number."

Does that not precisely show the mismatch? If bus drivers do not have sufficient disability awareness training, even if there is an audio-visual system on the bus, they might not even stop to allow a person with a visual impairment to get on.

**Daniel Zeichner:** I thank my hon. Friend for that example, which clarifies the point. I doubt whether there is any disagreement on wanting better standards among drivers and on ensuring that they are properly trained to spot all these issues. In the end, the way to drive up standards is not to rely on voluntarism. We all know from our own experiences that many good employers will do that, but some will not. A level playing field where good employers are not disadvantaged is all we seek. This is a chance to offer the good employers a helping hand.

**Bridget Phillipson** (Houghton and Sunderland South) (Lab): Further to the point about the difficulties there can be in understanding where disability exists, I met locally with the Royal National Institute of Blind People and with Guide Dogs to hear about the difficulties people who are blind or partially sighted can face in hailing buses. Even knowing when the bus is likely to

arrive can present a difficulty. If bus drivers were given greater training so that they knew to look out for people who may find it difficult to hail buses, I am sure we would all welcome that. Bus drivers do a good job, but it is difficult day to day. That bit of greater understanding would make a real difference to people who find it quite difficult to access public transport.

**Daniel Zeichner:** My hon. Friend makes a strong point. I doubt whether there will be much disagreement with the Minister about wanting to improve standards. The question is how we do it. I suspect all Members have constituents bringing similar examples to them.

New clause 4 would insert a new section 6AA into the Transport Act 1985 and make it a condition for registration of all buses in England that the operator has policies in place to ensure that it is able in every circumstance to conform to its duty to make adjustments for any disabled passenger on the bus. The condition would be enforced by the traffic commissioner, who already has responsibility for bus registration. The new clause comes following the Supreme Court decision in *FirstGroup v. Pauley*.

12.15 pm

We want to take the opportunity to improve the accessibility of public transport for disabled people, which the Government have already done by acting on audio-visual information systems, as my hon. Friend the Member for Nottingham South indicated. The Supreme Court decision demonstrated that the rules lack clarity on the use of spaces provided for wheelchair users on public buses. On 18 January, the Supreme Court ruled that bus companies must end first come, first served policies on those spaces and do more to give priority to wheelchair users. To us, the Bill seems an opportunity to provide the legal clarity sought by the court case.

The Government said in the other place that it was inappropriate to take any decisions on an issue relating to an ongoing Supreme Court case, but that case has now concluded. Hopefully, the Minister sees the amendment as a helpful one that would allow him to give clarity to the industry following the outcome of the case, which many believe still leaves the situation unclear. It is particularly unfair for bus drivers who ultimately have to deal with sometimes delicate situations. We believe that the Government should accept our amendment, which would ensure that operators have policies on making adjustments for disabled bus passengers. It would help to clarify that every attempt should be made to give priority to wheelchair users, which should happen legally already.

We were pleased that, following cross-party collaboration and pressure from Labour Front Benchers, the Government tabled their own amendment requiring audio-visual announcements on buses. That concession from the Government was welcome and we congratulate them on it.

While we are on the subject of disability and equality, it would be useful if they confirmed the provisional timeline for introducing the requirements and the scope for possible exemptions. The Transport Committee recommended in its report on the Bill that the Government should commit in the Bill to implementing the change by 1 January 2019. That would mean consulting on the matter sooner rather than later, so will the Minister give us an indication of when that will happen?

**Lilian Greenwood:** I rise to support new clauses 3 and 4 and to speak to new clauses 7 and 9. Let me begin with new clause 7. My hon. Friend mentioned the Supreme Court decision in the case of *FirstGroup Plc v. Pauley*, which attracted a great deal of interest and led to the need for further clarification, which new clause 7 seeks to provide. Perhaps it would be helpful to remind the Committee of the *Pauley* case, which gave rise to the need for a change.

What happened to Mr Pauley was typical of the experience of many wheelchair users who attempt to board buses. He was told that he could not get on a bus because the woman whose pushchair was occupying the wheelchair space refused to move. Mr Pauley was successful in winning his case through the Supreme Court, which held that FirstGroup's policy did not go far enough, and that the driver should have done more to assist in securing the space for Mr Pauley. FirstGroup was not under an obligation to have a priority policy for wheelchair users requiring that someone who unreasonably refused to vacate the wheelchair space had to leave the bus. Effectively, that means that a priority policy for wheelchair users lacks the teeth of enforcement. That is despite the fact that, under conduct regulations, someone who is eating smelly food or otherwise causing a nuisance and refuses to stop can be asked to leave the vehicle. That seems out of kilter.

The new clause addresses the issue of an enforceable priority for wheelchair users by enabling the Secretary of State to make regulations so that priority for wheelchair users means just that: if a person unreasonably refuses to vacate space, they may be required to leave the vehicle. They would be required to vacate the space only if it was reasonable. If, for example, they had a disability—for example, if they had a guide dog or a walking frame—and therefore required the wheelchair space, they would not be acting unreasonably by refusing to vacate the space. As a last resort, the new clause provides the power to require an individual who unreasonably refuses to leave the space to leave the vehicle. Other options could be considered before such action is taken, such as stopping the bus, which might be done when people refuse to make payment.

In considering that, Lady Hale, the Deputy President of the Supreme Court, recognised that the duty to make reasonable adjustment is a duty owed only to disabled people. She said that

“service providers owe positive duties towards disabled people, including wheelchair users, which they do not owe to other members of the travelling public, including parents travelling with small children in baby buggies or other people travelling with bulky luggage...Disabled people are, for very good reasons, a special case.”

That does not mean that I do not recognise the sensitivities and complexities of the issue.

Despite the public awareness brought about by the *Pauley* case, many disabled passengers still struggle to use the bus regularly because of conflict over the space being occupied by a pram, buggy or bulky luggage. Transport for All has been incredibly effective in advocating change and in highlighting the impact that the lack of clarity has on its members as they try to go about their daily lives.

For example, Jeff Harvey of Camden says:

“I have missed trains, missed events, been late to work meetings and classes when I was a student, and had 3 buses in a row refuse to allow me to board because the space was occupied...Every

time I try to board a bus, I feel stressed because I have to be ready for an argument with the driver and/or other passengers, ready to try to raise my voice enough to be heard from the pavement”.

Someone wanting to use a bus simply should not have to feel that way just because they happen to have a disability.

Mark Wilson, a power chair user, says:

“I have been left at bus stops many, many times because there was a parent with a child’s buggy using the wheelchair space and they would not move, and the driver felt unable to ask them, let alone compel them, to move. On average I cannot board a bus due to this buggy effect on one in nine journeys, which is a big number if you consider I might use the bus for four journeys in one day”. That shows some of the issues that disabled people face.

**Bridget Phillipson:** My hon. Friend raises some important points. We would all hope that common sense would come into those cases. Speaking as a parent who has ridden on buses with a pushchair, I would always give priority to someone using a wheelchair or who had a disability. Given that conflicts can arise and can be stressful for disabled passengers, greater clarity would make things easier for everyone using buses, and enable them to understand what is required of them.

**Lilian Greenwood:** My hon. Friend is right. The amendment is not intended to put drivers into impossible situations. I recognise that they often try to deal with such matters helpfully. I would not want confrontations to arise between drivers and passengers who might be unwilling to move. However, the provision would arm drivers with legal backing, making it easier for them to pave the way for wheelchair users to get access to the space.

I recognise that many drivers in the industry receive disability awareness training and do all they can to help passengers with a range of disabilities to get on the bus, but that should happen everywhere, at all times, and the drivers should have the backing of the law in making sure that wheelchair users’ rights are protected. If guidance came from the Department, that would not be all. The issue is about raising public awareness, and about people understanding the impact. I hope such conflicts would then arise less often.

Bus operators could address the matter through their choice of vehicle design. There is a good argument for two spaces—one for a wheelchair user and a separate one for buggies and luggage. I have seen some buses with a large number of tip-up seats that could be used on routes where it is known that problems tend to arise. Nevertheless, back-up for drivers in dealing with situations could be important.

Under subsection (3) of the new clause, priority wheelchair spaces would mean that a wheelchair user has priority over a space unless it is not reasonable for passengers to move. Passengers must give up the space for the wheelchair user if it is reasonable to do so, and—this gives it the teeth of being required by regulation—a passenger who unreasonably refuses may, if necessary, be required to get off the bus. That has hopefully dealt with new clause 7.

New clause 9 would require operators to publish their accessibility policies. Essentially, it supports the new clause tabled by my hon. Friend the Member for Cambridge requiring bus operators to have accessibility policies. It seems entirely right that, if they have them, they should

also be required to publish them. Buses are a particularly important form of travel for disabled people, but standards of accessibility vary greatly among bus companies—some are really excellent and others leave something to be desired. Disabled people using public transport need to know in advance what provision is made, and should not face a postcode lottery.

The Government say they want an integrated transport policy. I am sure we would all agree with that, but we need consistency for that to happen. Without it, disabled people may not have the confidence to travel, especially when they have to cross different local authority areas or use different modes of transport. I have seen the experience of Claire Lindsey from Greenwich, who has talked about travelling on the tube as an autistic person. She says that she needs to have a fixed daily routine and know what is going to happen:

“This routine means always needing to travel the same way to and from places. When there are diversions, journey restrictions or cancellations, it doesn’t just irritate me, it can feel like the end of the world and it can cause an ‘autistic meltdown’—an extreme panic attack which causes me to pass out.”

For someone like Claire, using different modes of transport with different levels of protection and accessibility would be hugely problematic.

The proposal is not unreasonable—precisely the same requirements are made of rail operators. When the Bill was in the Lords, an amendment was tabled to introduce a system requiring bus companies to operate policies like the disabled people’s protection policy, which is used across train operators, and it seems reasonable to apply the same to bus operators. I have already mentioned audio-visual indicators. It is welcome that the Government acted on that, and in many ways this measure would simply extend it to all disabled people and the whole range of different disabilities. That should not be onerous, because it is good business and what any employer should be doing under the Equality Act 2010 in any event. Given that we have DPPP’s for train companies, there is no reason why something similar could not be developed for bus companies.

The fact that bus companies are not responsible for bus stations and bus stops should not be a reason for not explaining what their policies are and what they are doing to make bus travel accessible. Government guidance for local authorities will help to bridge the gap and complement the requirements on companies. Finally, I hope the Minister is minded to accept my hon. Friend’s new clause requiring bus companies to put in place policies for making their services accessible. It seems entirely reasonable that where they have such policies, they should also publish them.

**Andrew Jones:** We have been very clear throughout the passage of the Bill, both here and in the other place, that bus services must work for the people they serve. We have heard examples from colleagues this morning about how important buses are for people with disabilities. We know that is the case, and that buses and taxis are the two main modes of transport for people with disabilities.

New clause 3, tabled by the hon. Member for Cambridge, seeks to require bus drivers and other staff to complete disability awareness training. I am sure the Committee will be pleased to hear that there is much in the new clause that I agree with—I too have met campaigners and charities. Disability awareness training can help

transport staff to provide the assistance that disabled people require, and I agree that we should all expect bus drivers to complete it. That is why we fully support the implementation of article 16 of EU regulation 181/2011, which from 1 March next year—a full year before the hon. Gentleman's proposal would take effect—will require drivers to do so.

12.30 pm

I assure the Committee that even after we have left the European Union, our policy objective of ensuring that bus drivers are equipped with the knowledge and skills to assist disabled passengers will not change. That obligation will not be removed. That is important, for the reasons that I have just stated. I hope that that gives the hon. Gentleman the assurance that he needs to not press new clause 3.

New clause 4, which was also tabled by the hon. Gentleman, would require operators to put in place policies towards meeting their duties under the Equality Act 2010 as a condition of registration. I certainly support the principle of expecting operators to meet their legal duties. In light of the Supreme Court's judgment on the provision of reasonable adjustments on buses, we are bringing together key stakeholders to understand what further action might be required to ensure that those adjustments are provided.

Ultimately, however, operators are already required by law to comply with their Equality Act duties and to anticipate and respond to the needs of disabled passengers. I struggle to see how a new legal requirement to comply with an existing legal requirement will positively impact the level of service that disabled passengers receive. I am personally committed to doing all that I can to make our public transport system easier for disabled people to use. In the Bill, we introduce new requirements for accessible onboard information. We were delighted to include that in the Bill.

I was asked about next steps and timing. The next steps will be working with bus operators and the supply chain, and consulting this year on how to take this forward. Our intention is to implement the measures as quickly as possible. That said, it is right that we work with disabled people and the bus industry to finalise the details of the regulations, the guidance and the timetables for implementation.

I was asked about exemptions. The exemptions will be similar to those in the Public Service Vehicles Accessibility Regulations 2000 so that we have room for consideration as we develop the regulations in case it is necessary. I am thinking particularly of things like heritage vehicles. For example, it might be difficult to install an audio-visual display in a heritage bus, and I know that TfL still uses old Routemasters on one of its scheduled services—the 15H to be precise. There might also be an obligation to consider the implications for bilingual areas. Of course, we have an obligation to consult with the Scottish and Welsh Governments on this issue. The provision will be there, should we need it. It does not undermine our important intention in the Bill, which is to help people who need it.

Audio-visual displays help absolutely everybody, not just people with disabilities. I catch the bus regularly in London; everybody immediately gets on their smartphone and only notices the stop they are getting off at when they hear it. It is rather reminiscent of most

debates in the House of Commons. Our intention is to ensure that everybody gets the benefits as quickly as possible.

Later this year, we will consult on our cross-modal accessibility action plan, which will recognise the points made in this Committee about hidden disabilities. Last year, we held our first ever mental health conference on transport issues, which is an important part of how we are seeking to improve public transport. We must recognise that our society needs to become significantly more friendly to people who suffer some form of cognitive impairment, as we know one in three people over 85 does. We also know from all the data that bus use is heavily biased towards older customers. That is something that all bus companies and all forms of motor transport will have to be significantly more aware of in future. That is why we held the conference and why this issue will be in our accessibility action plan.

At the core of new clause 4 is a new legal requirement to comply with an existing legal requirement. In the light of the comments I have made, I cannot see the benefit of that.

**Lilian Greenwood:** I want to press the Minister a little further on that. I appreciate that there is already a requirement for bus operators to make reasonable adjustments but, frankly, the Paulley case would not have gone all the way to the Supreme Court if there was not a need for further clarity. If the Minister agrees that the wheelchair space should provide priority to the wheelchair user, rather than others who might wish to use that space, surely such legal clarity would be helpful to drivers who seek to ensure that that right is there for the disabled person. I am not sure I understand why the Minister is reluctant to provide that.

**Andrew Jones:** I will come straight to new clause 7, which the hon. Lady tabled. That new clause seeks to provide the means by which wheelchair users must be given priority use of the wheelchair space on buses. I fully recognise the comments that have been made about how difficult this is for bus drivers. That is clearly a fair and accurate comment. I recognise the challenges that wheelchair users face in accessing bus services. That was set out very clearly and powerfully in the written evidence to the Committee from Mr Paulley.

I have highlighted the work that we are doing to understand the implications of the Supreme Court's judgment on the provision of reasonable adjustments on buses and to identify what interventions might be required as a consequence. It is my intention that we should hear the advice of disabled people, wider passenger groups and communities, and bus operators themselves before we reach a conclusion on the best course of action.

I can see practical difficulties, as I think did the Supreme Court. We have to recognise that wheelchair users will not be the only passengers with a genuine need to use that space. Interventions should also protect the interests of parents with disabled children, those with walking frames and the owners of assistance dogs. This is a complicated issue and we have to take care to find the most appropriate solution.

We have already contacted people to ask them to join the group that we are pulling together. I recognise that there is a timeliness to this work. I assure the Committee that we will respond proactively to the Supreme Court's

judgment, where a need for Government intervention is identified. Without wishing to prejudge the outcome of our stakeholder discussions, I doubt that any new regulatory powers will be required. A range of existing powers, such as the Public Service Vehicles (Conduct of Drivers, Inspectors, Conductors and Passengers) Regulations 1990, are available to us, should we need them.

Given that, and with my assurance that this is live work that I will continue to treat with great importance, I hope the hon. Member for Nottingham South will recognise that the new clause is a little premature. We need to work through all the implications, but the good will is clearly there to find a practical way forward for the industry.

**Lilian Greenwood:** I certainly welcome the assurances the Minister has given. I would not wish to prevent that work with stakeholders from being undertaken, but will he give us the likely timescale for that work? I recognise that he is being very helpful, but I think that there will be concern among the wider community, particularly those with disabilities, that this matter has been discussed for some time. Although I am mindful of what he has said, I would like some assurance about when the work will be completed.

**Andrew Jones:** It is right to raise the issue of timing. I think that it took five years for Mr Paulley's case to go through our legal system. We have already started by making contact with the groups who would like to be involved in that work and we intend it to run during the course of the summer. I entirely recognise the timeliness of this and hope that that provides reassurance.

Finally, new clause 9, which also appears in the name of the hon. Member for Nottingham South, would require bus operators to publish policies similar to the DPPP's produced by train and station operators, in order to protect the interests of disabled passengers. My colleague in the other place, Lord Ahmad, looked into this issue in some detail. I, too, have considerable sympathy with the underlying aims of the proposal. I have met campaigners on the issue, including Baroness Campbell of Surbiton. I know that for many disabled people, a lack of information on the accessibility of bus services may well prevent them from travelling at all.

Confidence among disabled people was highlighted in our debate this morning, and I entirely agree with that point. Lack of information may ultimately mean that they are prevented from accessing work or excluded from their local communities. We have, therefore, committed to recommend in the guidance that authorities ensure that information on the accessibility of bus services is made available to passengers. That might be in a form provided by the authority itself or individual operators, but we hope it will be of significant help to disabled passengers in making more informed travel choices.

We have been working on the issue with the Disabled Persons Transport Advisory Committee, which has developed a template that we could use. I am keen to publish that as part of the guidance and to encourage all bus companies to use it. That will keep it simple and bring the information together in a presentable way. I thank DPTAC for that work.

The hon. Member for Nottingham South talked about the difference between guidance and mandation. We are seeing significant progress in our bus industry. More than 94% of buses in England now meet the accessibility

standards. We want to make it 100%, but that is good progress. Mandatory disability awareness training will be introduced next year. Our work so far with the industry suggests that the vast majority of drivers have already had or are going through that training.

A requirement for all buses to be talking buses is in the pipeline, as we have just discussed, and there is a clear commitment to advise authorities of our view that disabled people must have the information they require. I believe that our bus sector is making significant progress in meeting the needs of all who wish to use its services.

There is a slight concern that a proposal of the kind made by the hon. Lady could lead to a cumbersome approach, although I recognise that was not her intention, as she made clear. I want companies to be focused on delivering for all passengers the services that they need. I am aware that DPPP's are in play in the rail sector. However, there are only 30 companies in our rail sector and more than 1,000 in our bus sector, so the read-across is a little difficult.

Given that and my clear and unambiguous commitment to make buses, and public transport in general, increasingly accessible for all passengers, including disabled passengers, I hope that the hon. Members for Cambridge and for Nottingham South will be minded not to press their new clauses.

**Daniel Zeichner:** There was much in what the Minister said that I strongly welcome. I very much welcome his assurances on driver training. We will obviously hold the Government to that in future but, on that basis, I will withdraw the new clause.

I had hoped that we would make more progress on the Paulley issue. The Supreme Court has basically passed the matter back to us to make some decisions. I heard what the Minister said about how difficult it is; it clearly is a very difficult issue and no one is pretending it is easy. However, every bus driver in the country faces this on a daily basis. Without leadership from us, they will still face this problem.

My hon. Friend the Member for Nottingham South put the case very well for moving towards some kind of decision. I worry, having listened to the Minister's account of the kinds of consultations that lie ahead, that this could go on for years and years. At some point, a decision has to be made.

12.45 pm

**Andrew Jones:** I was not talking about consultations in this area; I was talking about getting together a small working group of people who are directly involved in delivering services—big and small companies—and, importantly, people who use those services. We have already started this work and we intend it to take place this summer—I am not looking years ahead. I fully recognise the hon. Gentleman's points about how the industry will benefit from clarity. This is really quite a complicated point, as I tried to get across in my remarks, but I recognise the timeliness that he has mentioned.

**Daniel Zeichner:** I appreciate the Minister's point, but we can probably already predict the kinds of difficulties that will be raised. In the end, there are different interests and someone, at some point, has to make a decision. That is why my hon. Friend the Member for Nottingham

South was absolutely right to say, “Can the Minister put a timeframe on this?” I do not think I have heard him respond to that yet. Therefore, my hon. Friend may well want to pursue her new clauses, but I beg to ask leave to withdraw the clause.

*Clause, by leave, withdrawn.*

### New Clause 5

#### BUS SAFETY

“(1) An operator of a local service may not participate in any scheme under sections 1, 4, 7 or 9 of this Act, and an authority or authorities may not approve the participation of an operator as party of any such scheme, unless the operator has given a written undertaking to the applicable authority or authorities that—

- (a) it has subscribed to a confidential safety reporting system that—
  - (i) is suitable for bus operations staff;
  - (ii) can demonstrate it is adequately experienced, resourced and staffed; and
  - (iii) is entirely independent of any bus operator’s control;
- (b) it has used its best endeavours to ensure that all staff of the operator have been made aware of their right to use this confidential safety reporting system to enable bus operators’ staff to report incidents, unsafe acts, concerns and safety-related issues that they do not feel able to report through normal channels, or where normal reporting channels have not resolved the issue;
- (c) it will collect and monitor bus casualty data in a manner to be prescribed by the applicable authority or authorities from time to time, and
- (d) it will make its bus casualty data available to the applicable authority or authorities by way of a report on at least a monthly basis.

(2) The authority or authorities must publish on their own website, every quarter, the bus casualty data that they have collected from operators.”—(*Daniel Zeichner.*)

*This new clause would require bus operators taking part in any scheme to subscribe to a confidential safety reporting system, to make bus casualty data available to local authorities, and for local authorities to publish that data quarterly.*

*Brought up, and read the First time.*

**Daniel Zeichner:** I beg to move, That the clause be read a Second time.

The new clause was tabled following a discussion on Report in the other place about bus safety and casualty reporting. The new clause would require bus operators to subscribe to a confidential incident reporting scheme to report bus casualty data to the local authority, and require local authorities to publish that information regularly. I am aware that the Government said that an amendment on this issue was tabled too late during the Bill’s passage through the other place for it to be considered, but that they would look at the issue again in the Commons. I would welcome the Minister’s comments.

I do not think that it is too prescriptive to argue that bus operators entering into any form of scheme, whether franchising, an enhanced partnership or an advanced quality partnership, should be required to subscribe to a confidential incident reporting scheme and report bus casualty data to the local authority. Nor is it too prescriptive to require local authorities regularly to publish those data so that they are available to the public. Such a system works well in the rail industry. The cost of

membership of one confidential incident reporting system—the Confidential Incident Reporting and Analysis System—is based on turnover, and in our view fees would be unlikely to represent a serious obstacle. The Government said in the other place that they were

“keen to explore further the issues raised”.—[*Official Report, House of Lords, 23 November 2016; Vol. 776, c. 1978.*]

A confidential reporting system has proven effective in London. Statistics suggest that prior to the first year of operation of the CIRAS system in 2016, 64% of London bus workers said that the outcome of their having reported issues internally was “inadequate”, with a further 23% saying that the outcome was “adequate, but not implemented” and 13% reporting that there had been no response. There is clearly a need for this.

It is important that we consider bus safety. Although many people would say that, overall, the safety record is good, 64 buses and coaches were involved in fatal accidents last year and 5,381 were involved in an accident. Although those absolute numbers may seem small compared with the number of all road fatalities, the rates are fairly high. In fact, 24 buses and coaches were involved in fatal accidents per billion vehicle miles, which is much higher than the rates of 7.2 per billion vehicle miles for cars, 3.6 for vans and 19 for heavy goods vehicles. About 4% of all road fatalities last year were caused by accidents involving buses and coaches. There were 68 deaths and 7,571 casualties.

We all know that having the data helps us to improve our systems. We believe that the new clause would make buses safer.

**Andrew Jones:** The hon. Gentleman proposes a new clause that would require bus operators to subscribe to a confidential reporting system in order to participate in any bus scheme provided under the Bill. The new clause would also require operators to collect and monitor bus casualty data and make those data available to the relevant authorities for publication.

Let me start by emphasising that road safety is a critical issue and a matter of national importance. The Driver and Vehicle Standards Agency plays an important role, along with the traffic commissioners, in seeking to ensure that drivers and vehicles are licensed and safe. My Department already collects and publishes data on reported road accidents, including details about the type of vehicles involved and recorded casualties. I am encouraged, though not in any way complacent, that we have a very good record of road safety in our country. I am aware that that has come about through the good work of many of my predecessors, and I am keen to build on that work.

Members will be aware of what we have been doing, including most recently the significant change to the mobile phone penalty points for hand-held use. It is encouraging to see numbers decline. In this case, the number of pedestrians killed or seriously injured in an incident involving a bus or coach outside London fell by 33% between 2005 and 2015.

I agree with the sentiment of the proposed new clause. However, I do not believe it is appropriate to mandate an independent confidential reporting system in primary legislation. I am aware of the TfL work, and that TfL mandates the confidential reporting system, CIRAS, as part of its franchising agreements with operators. TfL introduced that system in January of last

year but I am not aware yet of any robust evidence of the benefits it has brought. It is probably difficult to say with any certainty or to what degree reports from systems such as CIRAS have prevented road accidents from occurring.

I understand that TfL pays the subscription cost for CIRAS on behalf of its operators, and that is its choice. A bus operator that has a well established and efficient confidential reporting system in place that is already working effectively might take a different view. I do not want to impose the burdens that the new clause would bring on local transport authorities or operators, some of which could be very small community transport organisations, without clear evidence of the added benefits to be achieved.

Although I cannot support the proposed new clause, I have asked my officials to explore how the issue could be addressed through guidance, to encourage operators and local transport authorities to consider the benefits of an independent confidential reporting system when establishing a franchising or partnership scheme. Just as local authorities take other decisions relating to road safety, they can decide on this, too. That is exactly what has happened in London. I hope the hon. Gentleman has found that explanation reassuring and will, therefore, seek to withdraw his new clause.

**Daniel Zeichner:** I am not reassured, though I will withdraw the new clause. I heard what the Minister said but I do not see why we could not have taken this modest step in favour of improving bus safety. The amounts are relatively minor and the potential benefits considerable. We will pursue that in future when we come back to him with the evidence. I hope the guidance can be strengthened. I beg to ask leave to withdraw the motion.

*Clause, by leave, withdrawn.*

### New Clause 7

#### PRIORITY WHEELCHAIR SPACES

(1) The Secretary of State may by regulations make such provision as appears to the Secretary of State to be appropriate for the purpose of facilitating travel by wheelchair users on local services.

(2) The regulations may in particular require operators of local services to put in place and enforce a policy for priority wheelchair spaces.

(3) For the purposes of subsection (2) a policy for priority wheelchair spaces is one under which—

- (a) a wheelchair user has priority use of any wheelchair space on a public service vehicle unless it is not reasonable for other passengers to vacate the space;
- (b) other passengers are required to vacate the space for the wheelchair user if it is reasonable for them to do so; and
- (c) a passenger who unreasonably refuses to vacate the space may, if necessary, be required to leave the vehicle.

(4) The power conferred by subsection (1) includes power to amend, repeal, revoke or otherwise modify—

- (a) an Act passed before or in the same Session as this Act; or
- (b) an instrument made under an Act before the regulations come into force.

(5) Regulations under this section must be made by statutory instrument.

(6) A statutory instrument which contains (whether alone or with other provision) regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.”

*This new clause enables the Secretary of State to make regulations to require bus operators to put in place and enforce policies for priority wheelchair spaces.—(Lilian Greenwood.)*

*Brought up, and read the First time.*

*Question put, That the clause be read a Second time.*

*The Committee divided: Ayes 5, Noes 9.*

### Division No. 7]

#### AYES

Dakin, Nic	Stringer, Graham
Greenwood, Lilian	
Phillipson, Bridget	Zeichner, Daniel

#### NOES

Ansell, Caroline	Mann, Scott
Freer, Mike	Merriman, Huw
Green, Chris	Robinson, Mary
Jones, Andrew	Spencer, Mark
Knight, Julian	

*Question accordingly negatived.*

### New Clause 8

#### TERMINATION OF BUS SERVICE OPERATORS GRANT

“Insert new section 112A into the Transport Act 2000—

(1) The Bus Service Operators Grant shall be terminated on the last day of the first financial year to begin after this Act has received Royal Assent.

(2) Sums equivalent to those projected to be spent on Bus Service Operators Grant in each year following the year specified in subsection (1) shall be provided to local transport authorities for expenditure on local transport.

(3) The meaning of “local transport” in subsection (2) shall be taken to include—

- (a) local transport services;
- (b) local transport infrastructure; and
- (c) supporting services, including ticketing and transport information services.”—(Lilian Greenwood.)

*Brought up, and read the First time.*

**Lilian Greenwood:** I beg to move, That the clause be read a Second time.

I will be fairly brief. As the Committee will be aware, bus service operators grant is currently paid as a rebate to bus companies. It is calculated based on the amount of fuel they use. It is therefore a direct disincentive to economising fuel consumption and/or moving to low-emission vehicles. The Department itself acknowledged that under the coalition Government in its “Green Light for Better Buses” document of 2012, which states: “we were...concerned that a system which pays subsidy according to how much fuel a company uses cannot be right for the twenty-first century.”

They were right about that. Back in 2012, they began to devolve funding in some areas, which were known as better bus areas. The results were encouraging.

The new clause simply seeks to build on that work by terminating the payment of the bus service operators grant directly to bus companies, instead passing the

money to local authorities, not least to promote the development of better partnership working, which is part of the thrust of the Bill. Where local authorities set up advanced quality partnerships or enhanced partnerships, it would be incredibly helpful if they could incentivise operators to meet the commitments they make under those partnerships. We could call that the carrot. Conversely, the stick would be to penalise poor compliance by limiting the payment of BSOG to operators, thereby helping them to adhere to the partnership work that had been set up. I am sure we would all recognise that sometimes we agree to do something and really do mean to do it, but we need a bit of a prod to remind us. Giving local authorities control over the bus service operators grant would enable them to do just that. It would be very helpful in enabling partnerships to operate effectively.

In 2012, the coalition Government considered further devolution of BSOG. There was a concern that it might lead to a loss of funding for bus services. That is why, in drafting the new clause, I was very clear that, as the funding passed to local authorities, it would be ring-fenced to be spent on local transport. BSOG needs to be used in such a way that passengers see a maintained or even improved local transport service. We would also like to encourage the bus to be greener and more efficient in the long run.

I hope the Minister will consider this a helpful new clause that follows on from other work he has done.

**Andrew Jones:** Each year nearly £180 million of bus service operators grant is paid to commercial bus operators that run local bus services. A further £40 million is paid to local authorities to subsidise socially necessary local bus services that are not commercially viable. In addition, a further £20 million a year is provided in incentives to bus operators, for example to encourage them to install smart ticketing machines or to use low-emission vehicles.

The new clause would abolish the bus service operators grant that is paid to commercial bus services. The funding would be transferred to be spent on local transport services. I simply do not think that would work effectively in practice. Commercial services often run across local government boundaries. If this approach were implemented, decisions taken by one local authority about funding buses could easily have adverse impacts on adjacent areas. Many of the passengers affected would have no way of making their views known at the local ballot box.

There would be no guarantee under the terms of the new clause that the funding would be used for bus services. It could be used on other means of supporting local transport. Nor does the proposal guarantee additional local authority funding for transport. An authority could simply substitute this funding for existing transport funding and divert that resource elsewhere. The proposal could therefore remove support for local transport entirely.

We are undertaking a review of how BSOG is spent in England and hope to publish details of our proposals later this year. We have already committed to devolve BSOG where franchising is implemented. Overall, I believe that it is right that the grant should generally continue to be paid to commercial bus service operators in a revised form. I hope the hon. Lady feels able to withdraw the new clause.

1 pm

**Lilian Greenwood:** I have listened carefully to the Minister. I welcome news of the work that he intends to do further to consider how the money could be used more effectively to support the development of local services. Clearly, franchising devolution is welcome, and I hope he considers how devolved BSOG could better support advanced quality partnerships and enhanced partnerships. That said, I beg to ask leave to withdraw the new clause.

*Clause, by leave, withdrawn.*

**The Chair:** To help the Committee, there is an open-ended sitting this morning—we do not have a cut-off point at 1 o'clock. Both Front Benchers have agreed that we will continue with the remaining business rather than reconvene at 2 o'clock.

*Clauses 22 to 25 ordered to stand part of the Bill.*

**The Parliamentary Under-Secretary of State for Transport (Andrew Jones):** On a point of order, Mr Owen. May I confirm what happened to new clause 9? Did we withdraw it or vote on it? I do not recall a vote. What happened to new clause 9?

**The Chair:** The clause was not pushed to a vote by the hon. Member for Nottingham South.

## Clause 26

### SHORT TITLE

**Andrew Jones:** I beg to move amendment 16, in clause 26, page 79, line 37, leave out subsection (2).

*This amendment removes the privilege amendment inserted by the Lords.*

I beg to move that clause 26 stands part of the Bill, not out of zeal to move to a conclusion—I wanted to double-check that we have everything done. We have had a fantastic couple of days focusing on the bus sector. Before begging to move clause 26, may I thank you, Mr Owen, and Mr Nuttall—

**The Chair:** Order. We will finish with the amendment and the clause first. There will then be an opportunity for you to thank the officials under a point of order—I know you are keen to thank the officials. You can either move the amendment formally or speak to it. We can get the business done then move to the final bit.

*Amendment 16 agreed to.*

*Clause 26, as amended, ordered to stand part of the Bill.*

*Question proposed, That the Chair do report the Bill, as amended, to the House.*

**Andrew Jones:** On a point of order, Mr Owen. As we conclude our Committee work on the Bill, I thank everybody for a very constructive and positive debate. It is clear that we have much passion for buses. It is a sector of our transport mix that does not always achieve much attention, but we have clearly shown that it has support. The Bill will go to the House for further consideration with measures to improve bus patronage, and to improve facilities for disabled passengers. I thank

everybody involved in the Committee for the positive way we have approached the Bill. I also thank the Clerks and you, Mr Owen, and Mr Nuttall, as co-Chairs.

**Daniel Zeichner:** Further to that point of order, Mr Owen. I thank the Minister and all members of the Committee for a cordial, constructive and positive discussion. I also thank the officials. We heard at one point about the decline in headcount at the Department. There are fewer people doing more work, and with Brexit, I am sure the pressures are many. Those of us who have ploughed through the guidance will know how much work has been done by officials. I thank you, Mr Owen, for your splendid chairing, and Mr Nuttall. I finally thank my colleague Juliet Eales, who has been working

with me and will finish at the conclusion of the Bill, which I am sure will come as much relief to officials, who will no longer be bombarded by her incessant and endless good questions.

**The Chair:** Those are bogus points of order, but because they flatter people, we allow them. I add my thanks to the Clerks and *Hansard*, and to all hon. Members on both sides of the Committee and on Front and Back Benches, for how they have conducted themselves.

*Question put and agreed to.*

*Bill, as amended, accordingly to be reported.*

1.5 pm

*Committee rose.*

**Written evidence reported to the House**

BSB19 The UK Cards Association

BSB20 Mr Shouvik Datta

BSB21 Nexus

BSB22 Leicestershire County Council

BSB23 Mrs Sunitha Webster

BSB24 Baroness Campbell of Surbiton

BSB25 Wellglade Group

BSB26 West Yorkshire Combined Authority

BSB27 Worcestershire County Council Transportation  
Services Unit

BSB28 Transport for All and Doug Paulley

BSB29 Paul Russell

BSB30 Community Transport Association