

The Local Transport Bill

Volume 3: Impact assessment

November 2007

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Introduction

The Local Transport Bill was introduced in the House of Lords on 7 November 2007. This document sets out the Government's assessment of the impacts of the provisions of the Bill, and follows the new standard template prepared by the Better Regulation Executive.

The impact assessment comprises:

- a number of summary sheets, which provide a very brief overview of the purpose of the Bill, and the potential impacts of the key measures that could have a significant impact on businesses; and
- a more detailed evidence base containing further analysis, including a number of specific impact tests.

Summary: Intervention & Options

Department /Agency: DEPARTMENT FOR TRANSPORT	Title: Impact Assessment for the Local Transport Bill	
Stage: Bill Introduction	Version: Final	Date: 7/11/07
Related Publications: Draft Local Transport Bill at www.dft.gov.uk/localtransportbill		

Available to view or download at:

Upon Introduction, will be available at <http://www.dft.gov.uk/pgr/localtransportbill>

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What is the problem under consideration? Why is government intervention necessary?

1. In too many places the current bus framework is still not delivering the quality of service that passengers expect. 2. There is a broad consensus that the current arrangements for the administration of statutory transport functions ("governance") in the major English cities outside London do not adequately support effective transport planning and delivery. 3. Rising congestion on our roads, particularly in our towns and cities, increases delay and frustration for motorists, and could have a significant impact on our future prosperity, environment and quality of life.

What are the policy objectives and the intended effects?

The draft Bill seeks to empower local authorities to develop local solutions to the local transport challenges they face, consistent with the devolutionary principles set out in the Local Government White Paper *Strong and Prosperous Communities*. It seeks to give those local authorities that need them strengthened powers to deliver a local transport system that is best suited to local needs.

What policy options have been considered? Please justify any preferred option.

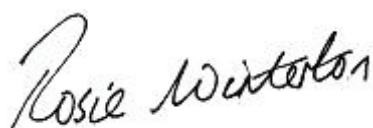
Once it was identified that there was a need to change the current framework, a wide range of options were considered during consultations with stakeholders. The options on buses were presented in the December 2006 publication *Putting Passengers First*. This was followed by consultation on a draft Bill covering all the policy areas and preferred options being selected.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? Review of the policies implemented will depend on what plans Local Authorities develop and implement in their area.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister:



Date: 7 November 2007

Summary: Analysis & Evidence

Policy Option: Bus Partnerships

Description: Provisions to facilitate voluntary partnership and quality partnership schemes involving local authorities and bus operators

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Costs are indicative for a voluntary partnership agreement in a single medium-sized city, and include: costs to local authorities of investing in better facilities; costs to bus operators of raising service standards; and an optimism bias.
	One-off (Transition)	Yrs	
	£ 15m	2	
	Average Annual Cost (excluding one-off)		
	£ N/A		Total Cost (PV) £ 30m
Other key non-monetised costs by 'main affected groups' The local authority might experience some enforcement costs which would be annual costs and of a relatively small magnitude.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' Benefits are indicative of a medium sized city. Passengers will benefit in the form of journey time savings, improved reliability and better quality of service. Operators will gain additional revenue due to increased patronage and society will benefit from increased GDP and reduced external costs of cars.
	One-off	Yrs	
	£ N/A		
	Average Annual Benefit (excluding one-off)		
	£ 8m		Total Benefit (PV) £ 86m
Other key non-monetised benefits by 'main affected groups' There may be dis-benefits to car users if bus priority measures reduce road space available for cars.			

Key Assumptions/Sensitivities/Risks The actual impact of the Bill will depend on how many local authorities choose to adopt partnership arrangements, and the extent to which those decisions were influenced by the provisions in the Bill. Costs and benefits will vary considerably with scheme design. The flexibility enabled by the Bill should increase benefits.

Price Base Year 2007	Time Period Years 12	Net Benefit Range (NPV) £ N/A	NET BENEFIT (NPV Best estimate) £ 55m (for a typical scheme)
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What is the geographic coverage of the policy/option?	England & Wales			
On what date will the policy be implemented?	Subject to Parliament			
Which organisation(s) will enforce the policy?	LAs, OFT, TCs			
What is the total annual cost of enforcement for these organisations?	£ <10,000			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	N/A			
What is the value of the proposed offsetting measure per year?	£ N/A			
What is the value of changes in greenhouse gas emissions?	£ <1m			
Will the proposal have a significant impact on competition?	Yes			
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of	£ NIL	Decrease of	£ NIL
		Net Impact	£ NIL

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Bus Quality Contracts

Description: Provisions intended to make quality contracts schemes a more realistic option

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Public sector costs include an increase in operating costs from greater quality and any service frequency increases, plus administration costs. There is a transfer of profit to the public sector, if gross contracts are used, which reduces net costs to the public sector. Net costs to the public sector are further reduced by the revenue gain from extra patronage.
	One-off (Transition)	Yrs	
	£ N/A		
	Average Annual Cost (excluding one-off)		
	£ - £1m to £9m		Total Cost (PV) £ - 30m to 37m
Other key non-monetised costs by 'main affected groups' Carbon implications and enforcement costs are not included. Passengers are also likely to be affected by transitional service disruption. There may be costs to a loss of innovation by moving to a planned system. Some schemes may involve new infrastructure e.g. bus lanes, which are not included here.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' Private benefits include bus passengers benefits of around £33-71m per year through changes in fares, frequency and quality. Society could benefit with increased GDP and reduced external costs of cars per year. There are, however, dis-benefits to bus operators who lose the profit which is captured by the public sector.
	One-off	Yrs	
	£ N/A		
	Average Annual Benefit (excluding one-off)		
	£ 33m – 71m		Total Benefit (PV) £ 189m – 404m
Other key non-monetised benefits by 'main affected groups' Passengers may also benefit through better co-ordinated services. Plus more punctual services and time savings if bus priority is introduced. Benefits will depend a great deal on specific scheme design and local authority decisions on fares, frequency, quality and supporting measures.			

Key Assumptions/Sensitivities/Risks For a typical conurbation. The low range uses unchanged frequency, a 5% fare fall from the do nothing and an increase in quality worth 10pence. The high range uses a 10% increase in frequency and other assumptions as of low range. The treatment of vehicle age and profit margin are key sensitivities on the cost side.

Price Base Year 2007	Time Period Years 7	Net Benefit Range (NPV) £ 219 - 367m	NET BENEFIT (NPV Best estimate) £ 293m
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What is the geographic coverage of the policy/option?	England & Wales			
On what date will the policy be implemented?	Subject to Parliament			
Which organisation(s) will enforce the policy?	LAs and TCs			
What is the total annual cost of enforcement for these organisations?	£ <1m			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	N/A			
What is the value of the proposed offsetting measure per year?	£ N/A			
What is the value of changes in greenhouse gas emissions?	£ 0.5-1m			
Will the proposal have a significant impact on competition?	Yes			
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of £ NIL	Decrease of £ NIL	Net Impact	£ NIL

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Bus Punctuality

Description: A strengthened punctuality performance regime

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Operators incur transition costs of equipment and its installation. Operators and local authorities incur annual running costs in the form of data collection or processing. The Traffic Commissioners' involvement introduces an enforcement cost. The high range makes an allowance for the costs incurred in improving punctuality.
	One-off (Transition)	Yrs	
	£ 5m	1	
	Average Annual Cost (excluding one-off)		
	£ 13 - 56m		Total Cost (PV) £ 86-363m
Other key non-monetised costs by 'main affected groups' For the low range the monetised costs are only those involved in collecting, processing and enforcing data collection. They do not include costs to operators of improving punctuality performance by changing the network, timetables etc which could vary widely.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' The key benefit is reduced waiting time for bus passengers, resulting from improved punctuality performance (£65m). Bus operators would gain revenue from increased patronage (£4m).
	One-off	Yrs	
	£ N/A		
	Average Annual Benefit (excluding one-off)		
	£ 70m		Total Benefit (PV) £ 445 m
Other key non-monetised benefits by 'main affected groups' Bus operators would also benefit from greater availability of operational performance data, enabling them manage services more effectively and reduce costs. Increased punctuality should boost patronage, delivering environmental and road congestion benefits.			

Key Assumptions/Sensitivities/Risks Monetised costs assume that no more bus operators would install GPS or other punctuality monitoring systems in the absence of the proposed new regime; accordingly they are likely to overstate true costs. It is assumed that less costly requirements would be applied to smaller operators and rural services.

Price Base Year 2007	Time Period Years 7	Net Benefit Range (NPV) £ 82 - 359m	NET BENEFIT (NPV Best estimate) £ 221m
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What is the geographic coverage of the policy/option?	England & Wales			
On what date will the policy be implemented?	Subject to Parliament			
Which organisation(s) will enforce the policy?	Traffic Commissioners			
What is the total annual cost of enforcement for these organisations?	£1m - 2.5m			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	N/A			
What is the value of the proposed offsetting measure per year?	£ N/A			
What is the value of changes in greenhouse gas emissions?	£ Negligible			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of	£ 6m	Decrease of	£ NIL
		Net Impact	£ 6m

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Updating Local Governance arrangements	Description: give local authorities the power to review and propose their own arrangements for local transport governance to support more coherent planning and delivery of local transport
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' The Local Transport Bill is an enabling Bill, so it is not possible at this stage to predict what powers in the Bill local authorities will choose to use and in what way.	
	One-off (Transition) Yrs		
	£ N/A		
	Average Annual Cost (excluding one-off)		
	£ N/A	Total Cost (PV)	£ N/A
Other key non-monetised costs by 'main affected groups' Costs of carrying out a review of existing governance arrangements and of implementing changes following a review.			

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' The Local Transport Bill is an enabling Bill, so it is not possible at this stage to predict what powers in the Bill local authorities will choose to use and in what way.	
	One-off Yrs		
	£ N/A		
	Average Annual Benefit (excluding one-off)		
	£ N/A	Total Benefit (PV)	£ N/A
Other key non-monetised benefits by 'main affected groups' More effective leadership, extension of well-being powers and PTA boundaries that reflect local travel patterns all combine to improve local transport facilities and deliver the quality of service that passengers expect.			

Key Assumptions/Sensitivities/Risks The Local Transport Bill is an enabling Bill, giving powers to local authorities which they may or may not choose to use. Many of the powers in the Bill are inter-related, and so their effects depend on what happens in other areas.

Price Base Year N/A	Time Period Years N/A	Net Benefit Range (NPV) £ N/A	NET BENEFIT (NPV Best estimate) £ N/A	
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What is the geographic coverage of the policy/option?			England		
On what date will the policy be implemented?			Subject to Parliament		
Which organisation(s) will enforce the policy?			Generally the courts		
What is the total annual cost of enforcement for these organisations?			£ N/A		
Does enforcement comply with Hampton principles?			Yes		
Will implementation go beyond minimum EU requirements?			N/A		
What is the value of the proposed offsetting measure per year?			£ N/A		
What is the value of changes in greenhouse gas emissions?			£ N/A		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro NIL	Small NIL	Medium NIL	Large NIL
Are any of these organisations exempt?		N/A	N/A	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)	
Increase of	£ N/A	Decrease of	£ N/A	Net Impact £ N/A

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Adjusting regulatory framework for local road pricing	Description: update existing legal powers so that local areas have the freedom and flexibility to propose a scheme in a way that best meets local needs, while ensuring that scheme proceeds are spent on local transport.
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' The Local Transport Bill is an enabling Bill, so it is not possible at this stage to predict what powers in the Bill local authorities will choose to use and in what way to develop their local road pricing schemes.	
	One-off (Transition) Yrs		
	£ N/A		
	Average Annual Cost (excluding one-off)	Total Cost (PV)	£ N/A
Other key non-monetised costs by 'main affected groups' All costs will depend on local scheme design but generally the costs will be to those i) paying the charge to enter the charging zone ii) local authority of setting up and operating the scheme.			

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' The Local Transport Bill is an enabling Bill, so it is not possible at this stage to predict what powers in the Bill local authorities will choose to use and in what way.	
	One-off Yrs		
	£ N/A		
	Average Annual Benefit (excluding one-off)	Total Benefit (PV)	£ N/A
Other key non-monetised benefits by 'main affected groups' i) Time savings for all motorists through reduced levels of congestion ii) Revenues from schemes used to improve local transport will benefit road users iii) a variety of secondary benefits might include reductions in emissions.			

Key Assumptions/Sensitivities/Risks The Local Transport Bill is an enabling Bill, giving powers to local authorities which they may or may not choose to use. Many of the powers in the Bill are inter-related, and so their effects depend on what happens in other areas.

Price Base Year N/A	Time Period Years N/A	Net Benefit Range (NPV) £ N/A	NET BENEFIT (NPV Best estimate) £ N/A
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What is the geographic coverage of the policy/option?		England & Wales		
On what date will the policy be implemented?		Subject to Parliament		
Which organisation(s) will enforce the policy?		Generally the courts		
What is the total annual cost of enforcement for these organisations?		£ N/A		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		N/A		
What is the value of the proposed offsetting measure per year?		£ N/A		
What is the value of changes in greenhouse gas emissions?		£ N/A		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro NIL	Small NIL	Medium NIL	Large NIL
Are any of these organisations exempt?	N/A	N/A	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of	£ N/A	Decrease of	£ N/A
		Net Impact	£ N/A

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

IMPACT ASSESSMENT: EVIDENCE BASE

This Evidence Base expands on the preceding summary sheets, and is organised in four sections:

1. policy context - describing the purpose of the Local Transport Bill, and providing a summary of the key proposals it contains;
2. costs and benefits - providing further information about the costs and benefits that are likely to arise from the proposals;
3. enforcement - explaining, where appropriate, how and by whom the provisions in the Bill will be enforced; and
4. specific impact tests - covering a range of specific potential impacts of the Bill, as listed in the "specific impact tests" checklist.

1. Policy context

(a) Purpose and intended effect

1. The Department for Transport's aim is transport that works for everyone. This means a transport system which sustains economic growth and improves productivity; contributes to our objectives for tackling climate change and other environmental challenges; and enhances access to jobs, services and social networks, including for the most disadvantaged.
2. The core purpose of the Bill is to tackle congestion and improve public transport, so increasing the efficiency of our transport system and ensuring that it continues to contribute to a prosperous economy and an inclusive society.

Traffic congestion

3. Rising demand for transport is a consequence of a strong and prosperous economy, and increasing globalisation of markets for goods and services. There are now over 33 million registered vehicles, an increase of 7 million since 1996¹. The Eddington Transport Study² ("Eddington"), published in 2006, suggests that, if left unchecked, by 2025 there will be a 31 per cent increase in road traffic and a 30 per cent increase in congestion, losing an extra £22 billion worth of time in England alone. By then 13 per cent of traffic will be subject to stop-start travel conditions. We need to act now to ensure that we are equipped to meet the future transport needs of our economy, while also continuing to meet our environmental and social goals.

¹ Vehicle Licensing Statistics 2006,

<http://www.dft.gov.uk/162259/162469/221412/221552/228052/252186/vehiclicensing2006.pdf>

² The Eddington Transport Study can be found on the DfT's website at <http://www.dft.gov.uk/about/strategy/eddingtonstudy/>

4. Eddington also highlights that currently 55 per cent of commuter journeys are to large urban areas and 89 per cent of delay caused by congestion is in urban areas. The analysis supporting the Study also suggested that over 80 per cent of the predicted increase in congestion will be in urban areas and therefore the highest potential benefits from road pricing are also in those areas.

Local bus services

5. Buses are Britain's most-used form of public transport, with over 4 billion journeys a year, or nearly two thirds of all public transport journeys. The Government is now spending around £2½ billion a year on improving bus services, up from about £1 billion a decade ago.
6. Bus patronage has been on a long-run downward trend since the 1950s, but recent years have seen a gradual turnaround, led by London and smaller centres such as Brighton, Cambridge, Oxford and Telford, with the first year on year increases nationally in decades. Experience in these places, and some others, shows how improvements to local bus services, as part of a package of measures, can deliver substantial increases in bus patronage - which in London is up by a third since 2000-01.
7. The Government's bus policy review, conducted during the second half of 2006, found that there was scope to do more to enable more of our communities to replicate the successes that have already been achieved in some parts of the country. The Bill includes legislative changes that are needed to deliver the policies described in *Putting Passengers First*, following the end of the bus policy review.

Transport governance in our major cities

8. There is broad consensus that current governance arrangements in our major cities can be improved. A series of reports, including from or for Eddington, the House of Commons Transport Committee, the Commission for Integrated Transport and the Passenger Transport Executive Group have all identified issues of diffuse and fragmented leadership in our major cities.

Wider context

9. There is no single policy that, by itself, will address all these issues. That is why our strategy is based around a broad package of measures. The proposals contained in the Bill therefore form part of a wider transport strategy, including targeted increases in road capacity where justified, sustained investment in public transport, and better management of our existing transport networks.

The Bill

10. The Local Transport Bill sets out proposals to tackle congestion and improve public transport, ensuring that local authorities have the freedom and flexibility to implement measures that are appropriate for their local circumstances. The Department has listened to all involved, including local authorities, businesses, transport operators and road user groups, for example the freight industry and passengers, about the challenges and opportunities as they see them.
11. The main benefits of the Bill would be:
 - potential for better bus services in areas that choose to take advantage of enhanced powers;
 - a more coherent approach to local transport in our major conurbations;
 - in areas that want to introduce them, local road pricing schemes that are tailored to local needs, and that are consistent and interoperable from the road user's perspective.

(b) Summary of proposals

12. The Bill would give local authorities enhanced flexibility and powers to deliver a tailored transport system better suited to local needs. On buses, the Bill would:
 - promote more effective partnership working between local authorities and bus operators, to deliver services that are better matched to the needs of passengers in their local areas;
 - make the implementation of 'quality contracts' schemes a realistic option in areas where it is in the public interest for local authorities to take greater control over bus services;
 - provide a new regime to deliver better punctuality, for the first time holding local authorities as well as bus operators to account for their contribution to punctuality performance;
 - support further development of the community transport sector, by removing unnecessary restrictions to eligibility for providing services under a community transport permit;
 - modernise the traffic commissioner system to ensure that it is well placed to deliver the proposed new bus functions, alongside its existing responsibilities. We will place the senior traffic commissioner on a statutory footing and introduce a panel of traffic commissioners to ensure that resources are focused on the greatest problem areas; and

- take powers to establish a statutory body to represent the interests of bus and coach passengers.
13. To improve the arrangements for local transport governance, the Bill would:
- enable major English cities and other areas to review and propose changes to existing transport governance arrangements in their area. The Secretary of State would be able to implement proposed changes through secondary legislation tailored to the needs of individual areas; and
 - in all metropolitan areas outside London, update the existing powers and duties of the Passenger Transport Authorities (PTAs) and individual local authorities, and provide a stronger process for planning transport through the Local Transport Plan system. The Bill also re-titles PTAs "Integrated Transport Authorities" (ITAs).
14. The Bill also updates the existing provisions relating to local road pricing schemes, in order to:
- ensure that local authorities who wish to develop local road pricing schemes are free to do so in a way that is best suited to local needs, within a framework of local accountability; but also
 - ensure that schemes are consistent and interoperable, so as to avoid unnecessary costs and complexity for road users who need to interact with more than one scheme.
15. Whether to develop local road pricing schemes will remain a decision for local authorities themselves. The Bill would not provide the legal powers needed for a national system of road pricing.

2. Costs and benefits

(a) Buses: partnerships

16. Voluntary (non statutory) partnership agreements between bus operators and local authorities are already in place in a number of areas. However, although some local authorities are considering using powers in the Transport Act 2000 (TA 2000) to make quality partnership schemes, only one has so far been made. Provisions in the Bill are designed to support the introduction of more voluntary partnership agreements, through the introduction of a tailored competition test, and quality partnership schemes, by relaxing the current restrictions on the inclusion of terms relating to frequencies, timings and/or maximum fares. As a result, there should be scope for such partnerships to deliver greater benefits to passengers.

17. Voluntary partnership agreements, on average, can increase patronage by around 20 per cent³, but with substantial variation around this average. A significant number of less successful agreements have been discontinued. In general, we anticipate that quality partnership schemes under the TA 2000 might yield greater benefits than voluntary agreements, perhaps for a longer period, because of the more detailed statutory implementation process (including consultation) and the traffic commissioners' role in enforcing them.
18. The following table shows estimates of the quantifiable costs and benefits of a voluntary partnership agreement in a medium-sized city. The scheme in question involved enhanced bus priority, improvements to bus stops and the introduction of higher-quality, low-floor buses. The main benefits accrue in time savings from reduced journey time, due to bus priority. Bus priority also improves reliability, reducing waiting times, plus passengers derive benefits from the higher quality of services. Operators gain in revenue from generated journeys and society benefits through higher GDP and reduced external costs from cars due to modal shift.

Estimated transition costs and annual benefits of a quality partnership agreement in a medium sized city.

One-off transition costs (split over two years)	
Bus stops and low floor buses	£19m
Bus priority	£3m
Optimism bias	£7m
Total cost	£30m
Average annualised cost	£2.5m
Annual benefits	
Time savings	£4.1m
Reliability	£1.3m
Quality benefits	£1.2m
Revenue gain	£0.8m
Increase in GDP	£0.1m
Reduction in external costs from cars	£0.1m
Annual benefits	£7.7m

19. The tailored competition test which, under provisions in the Bill, would be applied to certain voluntary partnership agreements, should be clearer for local authorities and bus operators than the existing test (in the Competition Act 1998), providing greater legal certainty that agreements are compatible with competition law. This tailored regime would also remove the risk of financial penalties for bus operators where a voluntary partnership agreement, entered into with a local transport authority in good faith, is found by OFT to be in breach of competition law.

³ For example, Mackie (2000) finds 22 per cent, LEK Consulting (2002) find 21 per cent, Knowles (1999) finds 20 per cent and CPT (2002) suggest a higher average figure of 33 per cent.

(b) Buses: quality contracts schemes

20. The Bill would remove some of the existing barriers to introducing quality contracts schemes, replacing them with a new requirement for a local authority to demonstrate that a series of 'public interest' criteria are met. A new Approvals Board (in England) or the Welsh Ministers (in Wales) would be responsible for approving proposed schemes.
21. The primary aim of a quality contracts scheme would be for the local authority concerned to ensure that the local bus network was better tailored to the needs of the travelling public. But schemes could also deliver a range of additional benefits, dependent upon the local context and the design of the scheme itself. Benefits could include:
- routes and timetables that better meet the needs of passengers, coordinated and integrated with other modes of transport;
 - reduction of unnecessary duplication of bus services and 'over-busing' on some corridors;
 - local authorities could have an input into fare levels, integrated ticketing, branding and marketing;
 - environmental benefits, for example if a quality contracts scheme specified requirements for use of lower-emission vehicles;
 - value for money for local authorities through a competitive tendering process;
 - modal shift from car (and other modes) to buses, leading to reduced road congestion and improved local air quality;
 - greater certainty for bus company employees from ensuring that the terms of the TUPE⁴ regulations will apply when employees transfer from one operator to another under a Quality Contracts scheme. Such certainty will contribute to greater stability in the transition to a scheme, which local authorities, bus operators and the Unions have all called for.
22. The principal costs involved in moving to a quality contracts scheme might include:
- costs of designing, tendering, implementing and administering a quality contracts scheme;
 - costs to bus operators and local authorities of meeting their obligations under the quality contracts they have entered into;

⁴ Transfer of Undertakings (Protection of Employment) Regulations 2006.

- the potential for disruption to the network in the transitional period: stalled investment and/or turbulence to services should a local authority choose to reconfigure the local network. However, proposals in the Bill are aimed at helping to minimise any such disruption;
 - any effects of the loss of competition during the contract period (see Competition Assessment on pages 34 to 35);
 - some costs from ensuring within new contract agreements that employees are covered by the provisions of TUPE Regulations.
23. The following table shows the estimated annual costs and benefits of a quality contracts scheme in a single conurbation, as compared to a deregulated market. The actual costs and benefits of any scheme would depend a great deal on its specification. If local authorities desire to reduce fares or limit fares growth, expand service levels and coverage and/ or bus service quality, this would all incur further costs. The low range estimates are based on a scenario where bus frequency remains unchanged, fares stay constant in real terms where they would have risen by 5 per cent per year in the deregulated market and there is an increase in quality equivalent to a willingness to pay £0.10 per trip. The high range assumptions are the same except there is a 10 per cent increase in frequency.
24. The costs outlined in the table below are the estimated costs to the public sector of a Quality Contracts scheme in a typical conurbation as compared to the costs under the deregulated market. Operating costs increase under a quality contracts scheme due to newer vehicles and in the high range due to changes in vehicle kilometres. Administration costs increase as a result of the quality contracts procedure, but would be affected little by the type of scheme. It is assumed that local authorities now take the revenue. If this revenue were constant, but the operator then ran the contract with lower costs and profit margin, the local authority would find the profit capture a net saving.
25. The generated patronage creates extra revenue, which it is assumed the operator no longer collects, so this needs to be taken off of the contract cost. The cost estimates are very sensitive to the specification and assumptions on vehicle age and profit margins. Quality Contracts schemes could provide slight cost savings to the public sector, as the increase in admin costs and operating costs without an increase in bus frequency, could be outweighed by the revenue gain from extra patronage and the profit capture.
26. The majority of benefits from a quality contracts scheme accrue to bus passengers. They derive benefits from higher service quality, relatively lower fares and time savings from increased frequency. The increase in bus trips also generates external benefits to society through raising GDP and reducing the external costs of car use. However, operators face the dis-benefit of profit capture by the public sector.

Estimated average annual costs and benefits of a quality contracts scheme in a single conurbation compared to the costs and benefits of the deregulated market

	Low range	High range
Average annual costs		
Operating costs	£3m	£15m
Administration costs	£4m	£4m
Minus transfer of profit	-£5m	-£6m
Minus revenue gain	-£3m	-£4m
Net annual cost	-£1m	£9m
Average annual benefits compared to do nothing		
Consumer benefits	£31m	£64m
Increase in GDP	£6m	£11m
Reduction in external cost from cars	£1m	£2m
Minus transfer of profit	-£5m	-£6m
Net annual benefits	£33m	£71m

27. A quality contracts scheme is likely to involve a subsidy payment from local authority to bus operator, with the competitive process helping to minimise the level of that subsidy. This would simply be a transfer payment (i.e. a cost to one party and an exactly offsetting benefit to another), and so is not scored here as a 'cost' or 'benefit'.

(c) Buses: punctuality

28. The Government has proposed a strengthened punctuality monitoring and enforcement regime. Although many aspects of this can be delivered under existing legislation, this Impact Assessment considers the likely effects of the regime as a whole. The main provision in the Bill is a power for the traffic commissioner to require a local authority to provide information about the performance of any aspect of their network management duties under the Traffic Management Act 2004 and, where necessary, to prepare a report which may be sent to the Secretary of State (in England) or Welsh Ministers (in Wales).
29. Survey and other evidence clearly show that poor punctuality and reliability are a key barrier to increasing bus patronage. The principal intended effect of the proposed regime would be to improve bus punctuality and reliability, delivering benefits to bus passengers in the form of reduced waiting and travel time. Some increase in bus patronage is also likely to result, generating a revenue gain for bus operators. Additional benefits, not quantified here, include:
- knock-on benefits from the use of satellite-based positioning equipment, such as accelerating the provision of real-time information at bus stops (valued at between four and six pence per trip);

- benefits to bus operators where positioning equipment provides better fleet monitoring and other management information; and
 - potential cost savings to bus operators where improved punctuality of bus services enables them to make more efficient use of their vehicles.
30. The Government is continuing to work with bus operators and others to establish the detailed mechanics of how the new punctuality regime would operate. This work can continue independently of the Bill process, as detailed issues of implementation can be covered in secondary legislation and/or guidance as appropriate.
31. The Government's objective is to improve punctuality while avoiding unnecessary costs - it is seeking an effective, but proportionate, approach. Accordingly, it is considering with the industry and others:
- the extent to which an effective regime would depend on a constant, comprehensive flow of data on punctuality (e.g. based on satellite positioning technology), as opposed to a sample-based approach;
 - the potential to apply a lighter-touch approach in rural areas (where congestion-related delays may be less of a problem) and for smaller operators (for whom the fixed costs of installing automated monitoring systems might be disproportionate). In these cases, alternative approaches might be more cost-effective;
 - how to ensure that a stronger emphasis on bus punctuality does not encourage operators to build more slack into their schedules, so increasing overall journey times; and
 - the extent to which bus operators are already choosing to install satellite positioning equipment in their fleets for commercial reasons, e.g. to support improved fleet management or to enable provision of real-time information to passengers at bus stops.
32. Under current assumptions, the key costs arising from the punctuality regime comprise the costs to operators of gathering data, and the costs of processing that data. Costs of gathering data assume that larger operators install satellite-based equipment (where they do not already use it), and that some back-office resource is required to support the regime; for smaller operators, it is assumed that a sample-based approach is adopted.
33. The low range of average annual costs reflects just these costs. The high range includes an allowance for costs to the operator in changing the network e.g. putting on extra buses or introducing bus priority. The network changes to improve punctuality are based on an illustrative 2% increase in vehicle operating costs per km. The actual costs to meet punctuality targets could vary widely from this depending upon area and the methods used.

Estimated costs and benefits of punctuality requirements in England and Wales excluding London

Costs	
Costs for operator with 50 or more buses:	
Capital	£450 per bus
	£5,000 per operator
Data transfer	£46.30 per bus
Back office staff	£25,000 per operator
Consultancy	£6,000 per operator
Costs for operators with fewer than 50 buses:	
Total cost of gaining data	£1,000 per bus
Costs for operators or local authorities ⁵ :	
Measures to improve punctuality	£44m (high range only)
Cost of processing data and reporting	£10,000 per operator
Cost for Traffic Commissioner:	
Enforcement costs	£291,000 ⁶
One-off transition costs	£5m
Average annual costs	£13m low range £56m high range
Annual benefits	
Reduced waiting time for existing passengers	£65m
Benefits from increased demand	£0.4m
Net revenue gain	£4m
Average annual benefits	£70m

34. The "Summary: Analysis and Evidence" sheet shows estimated average annual costs for different sized operators. Following the assumptions of the above analysis, small operators are taken to be those with fewer than 50 buses and large operators are those with 50 or more buses. The cost per operator includes the annual costs to operators of collecting data, but not capital and not performance enhancements. The actual costs per operator could vary significantly from those estimated depending upon which method of data collection was employed. However, it would still be expected that costs to small operators would be far lower than to large operators.
35. The "Summary: Analysis and Evidence" sheet also includes an estimate of the administrative burden for bus operators. This is lower than the total estimated costs of the measure, reflecting the fact that some costs would fall within the public sector, and any actions operators take to improve punctuality beyond data collection are not essential under the regulations. The admin burden estimate includes all cost to operators as listed in the above table except those due to network changes. This may be an overestimate of the admin burden, as some of the admin costs might be voluntarily continued by operators if the regulations were taken away,

⁵ It is not possible at this stage to say where these costs might fall. Discussions are ongoing with the Bus Partnership Forum to determine in more detail how the punctuality regime will work in practice.

⁶ Yearly costs, not including existing and set-up costs that have been included in the covering sheets.

meaning they would not actually need to be counted as burdens. Depending on future detailed decisions about how the punctuality regime would work in practice, it may be necessary in due course to revise the estimate of administrative burdens for bus operators.

(d) Modernising the traffic commissioners system

36. The creation of a flexible pool of traffic commissioners able to take on work wherever needed would reduce delays and improve the efficiency of the problem resolution. Normal use of traffic commissioners in their particular region would continue to ensure that their local experience and expertise can be fully exploited wherever possible.
37. The creation of a panel of traffic commissioners would mean not only that general workload can be managed better but it would have benefits in terms allowing traffic commissioners who have specific expertise, for example bus punctuality, to work in any area. Better management of the traffic commissioners' workloads should deliver benefits to the businesses they regulate.
38. Decisions on how best to fund any additional costs for the traffic commissioner network will be taken in light of further discussions with interested parties.

(e) Bus and coach passenger representation

39. Proposals to strengthen the representation of bus and coach passengers should lead to services that better meet the needs of passengers. The Government intends to consult on a range of different options for delivering stronger representation in practice; this is likely to involve some additional public-sector costs, which we will assess further as we finalise our proposals for consultation.

(f) Buses: other measures

40. Other bus-related provisions in the Bill would have more limited impacts than the measures outlined above, and are deregulatory in nature. The provisions include:
 - relaxation of certain restrictions on the community transport sector. These would (i) increase flexibility as to the type of vehicles that may be used by holders of certain community transport permits; and (ii) enable the drivers of vehicles operated under "section 22" permits to be paid. These measures do not impose costs on community transport operators and will provide new opportunities for those who wish to take them up. The Bill will also replace permits of indefinite duration with time-limited permits and require the keeping of records of permits issued. This will improve

monitoring and enforcement and impose only a modest additional cost on designated bodies and permit holders.

- provisions allowing holders of private hire vehicle (PHV) licences outside London to obtain a "special restricted" public service vehicle (PSV) licence, allowing them to use PHVs to provide local bus services. The proposal is entirely voluntary, so does not impose any additional costs on the PHV sector; the measure may deliver accessibility and social inclusion benefits, particularly in rural areas, if the new eligibility is taken up by PHV licence holders.
- removing the requirement for the Secretary of State or Welsh Ministers to give consent to the sale of council-owned bus companies. This measure should have no impact on private or voluntary sectors.
- increased flexibility to local authorities and the Welsh Ministers in subsidising local bus services - to make clear that authorities may subsidise services to increase the *standard* of service, as well as to support the provision of services on a route where no services would be provided without subsidy.
- extending the length of bus subsidy contracts. Longer contracts would give the opportunity for investment to be undertaken that otherwise might not have occurred; local authorities could gain better value for money, and supported services could be improved. Longer contracts need to be re-tendered less frequently, reducing costs for local authorities and for bidders. Local authorities would need to assess carefully the impact of longer contracts on competition as tendering takes place less frequently, but conversely longer contracts might encourage more operators to bid.
- transferring responsibility for hearing appeals against traffic regulation conditions from the Secretary of State to the Transport Tribunal. Such appeals are rare, so impacts would be small; the main benefit of the measure is to provide greater independence.
- a new power for the authorities to impound public service vehicles (PSVs) being operated without a valid operator's licence, in line with the approach already taken successfully in the goods vehicle sector. The proposal would have no impact on licensed PSV operators, and it is anticipated that very few vehicles would need to be impounded in practice. Experience from the goods vehicle regime is that the main impact is achieved by deterring illegal operations.
- enabling passenger transport executives (PTEs) to purchase and lease vehicles to operators providing services under a subsidised services agreement or a quality contracts scheme, in line with the practice already adopted by some non-PTE local transport authorities. This should make it easier for smaller operators to bid to run such services.

- removing the requirement for local authorities⁷ to seek the consent of the Secretary of State (or Welsh Ministers) where councillor-directors of public transport companies wish to engage in certain Council activities. This deregulatory measure would affect only a small number of councils.

(g) Governance

41. The proposals in this Bill aim to update the arrangements currently in place at a local level within England (outside of London) for planning and taking decisions on statutory transport functions ("governance"). This is needed in order to make these arrangements more flexible to local needs, and better able to provide the leadership necessary to make beneficial change happen. The transport challenges which face, say, the Tyne & Wear area are not necessarily the same as those which face Greater Manchester. Appropriate local arrangements would lead to improved services for the travelling public and produce a transport network that makes a more effective contribution to sustainable economic development. At present the system does not allow any flexibility for different areas to identify which arrangements best suit their needs, and can work against effective integration of different transport modes, particularly public transport and roads.
42. The Bill would provide significant new powers for arrangements to be tailored to the local needs of each area, and for changes to be implemented through secondary legislation. Which changes are introduced - and the costs and benefits of those changes - will depend upon the proposals put forward by each area. Given this, it is not realistically possible to assess these costs and benefits at this stage, although we would expect to cover these in detail in the regulatory impact assessments which would accompany the secondary legislation that implemented changes in each area.
43. We would expect also that areas, in reviewing the effectiveness of existing working arrangements, would have carried out their own assessment of the relative costs and benefits of any changes which they propose. Inevitably they would be looking to deliver proposals in which the benefits outweighed any costs.
44. However, it is possible to describe the broad beneficial effects that the proposals in the Bill may have, when compared to existing arrangements. These include:
 - the ability to set up a new Integrated Transport Authority (ITA), and change the membership, structure, boundaries and powers of an existing ITA, which would allow each area to identify which arrangements would work best to help deliver effective transport services;

⁷ Only the 10 local authorities in England and 3 in Wales who still own bus companies (outright or majority holding) would be affected.

- allowing ITAs to influence what measures are carried out on individual roads in an area could allow for more effective transport networks across a wider area, for instance by minimising delays caused by road works or by tackling the lack of effective bus priority measures on a particular route;
 - placing a new sole duty on ITAs to prepare the Local Transport Plan should make it easier for areas to take a more long term look at the transport needs of their area and allow for stronger leadership to ensure that those needs are addressed; and
 - the extension of the “well-being” powers to ITAs, would enable them to carry out transport measures which would benefit their areas but which they did not previously have the power to do.
45. While we would expect that changes introduced as a result of the Bill would be broadly beneficial, there may also be additional costs involved, for instance:
- where bodies or an area carry out a review of existing governance arrangements this is likely to impose some additional burden on them, whether they choose to carry out a review or are directed to do so by the Secretary of State. However, we would not expect this to impose significant costs, and guidance on carrying out reviews would aim to ensure the process does not impose unnecessary costs;
 - implementing any proposed changes to existing arrangements would be likely to impose transitional costs on affected bodies. However, the scale of these costs would depend entirely upon the nature of the changes proposed;
 - the current general duty on Passenger Transport Authorities refers to the need to develop policies for “integrated, efficient and economic transport facilities and services” but omits explicit reference to environmental aims. In practice no PTA in recent years has developed policies or carried out functions in isolation from broader consideration of sustainable development objectives. The proposed duty on an ITA to have regard to the government’s environmental policies provides an appropriate statutory objective to ensure transport policies are developed in this context, but is not itself expected to increase the costs of authorities or contractors.
46. Changes to governance arrangements could also influence the ability of local areas to improve bus services and implement local road pricing schemes. However, as this depends not just on what governance changes are made but also on the bus and road pricing proposals, the knock-on costs and benefits are not possible to estimate at this stage. Costs may, however, include examples such as a local road pricing scheme better matching the travel patterns of an area where the ITA has changed its boundaries to better reflect local travel patterns.

(h) Local road pricing schemes

47. The Transport Act 2000 and Greater London Authority Act 1999 gave powers for local authorities to set up local road pricing schemes in England and Wales. The Government's policy is to build additional road capacity where it is justified, taking full account of economic, environmental and social considerations. However, it believes that we cannot build our way out of congestion, as it would be unaffordable and environmentally unacceptable. The Government is therefore exploring the potential of road pricing as a means of tackling congestion.
48. In the first instance, the Government is working with interested local authorities to bring forward local schemes as part of a local solution to local congestion problems. We expect that any local authority interested in developing a scheme will do so as part of a package, including significant investment in complementary transport measures. Experiences from developing local schemes will help inform debate and any decision on a possible future national scheme.
49. The Government has issued guidance for the appraisal of road pricing schemes which fully sets out the impacts which we expect local schemes with TIF funding to assess and monitor⁸. This will provide the Government with further information on the operation and impact of schemes.
50. The provisions in this Bill would alter the existing powers that local authorities have to implement road pricing schemes. The proposed changes are designed to make sure that as well as being able to tackle congestion, schemes are understandable to the motorist, consistent and interoperable with each other.
51. The Bill will allow for the DVLA to request and transfer data on foreign registered vehicles. Although only part of the process, this should help Local Authorities enforce their charging schemes.
52. The key policy objective is to facilitate local measures to tackle local congestion, and through this to understand more about how road pricing could help tackle congestion more generally. Because the Bill changes the framework responsibilities and powers for road pricing schemes, which may or may not be proposed in a particular area, it is not possible to assign costs and benefits of each individual proposal. However, it is possible to assess the costs and benefits when a particular scheme is designed and we would expect local authorities to do so when considering a scheme. The type of benefits that it is expected a scheme would achieve include the following:

⁸ Business case guidance for the road pricing element of the TIF package.
<http://www.dft.gov.uk/pgr/roads/roadpricing/multitifbuscase>

Tackling congestion:

53. The quantified benefits from road pricing mainly arise from the time savings through reduced congestion. The Road Pricing Feasibility Study⁹ suggested that charging in London and major conurbations alone could cut congestion across the country by a quarter in 2010 with time savings worth up to £6.4 billion a year.
54. By giving road users an incentive to use alternative forms of transport or to drive outside of peak congestion times, vehicles which do travel at these times can expect to benefit from reduced and more reliable journey times. Businesses, including freight customers and operators, should gain from shorter and more reliable journey times. This would enable a larger fraction of the day to be dedicated to the business itself, with fewer hours of employee time lost to congestion delays, particularly unpredictable delays. The travelling public would similarly benefit from reduced congestion, with the increased spare time able to be spent in other ways.
55. Freight and delivery companies operating in the area of a local scheme should experience benefits from road pricing, particularly if journey times are significantly reduced, allowing better vehicle and crew utilisation and lower fuel consumption. Greater reliability for delivery and collection times should bring benefits to these companies, and to the businesses they serve. We would expect the greatest benefits to arise where deliveries and collections are time-critical from the customer's perspective.
56. In a similar vein, businesses and tradespeople providing services to customers in their homes should benefit from reduced travel time, and hence have a greater proportion of their working day available to meet their customers' needs. Increased reliability of journey times should also help to reduce frustration for customers waiting for tradespeople to arrive. Similar benefits should be available to public sector workers such as doctors on call and professional carers.
57. Depending on the scheme design and complementary transport measures, retailers within the area of a local scheme could also benefit from increased footfall. This could be as a result of improved access to their areas by public transport, and from a more attractive local environment for shoppers if levels of road traffic are reduced.

Environmental improvements:

58. Although the principal focus of this legislation is to tackle congestion, depending on the design of a scheme, there are likely to also be environmental benefits from reduced congestion. These are difficult to predict and would depend, for example, on the degree to which modal shift is secured and whether authorities include specific incentives for cleaner

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<http://www.dft.gov.uk/pgr/roads/roadpricing/feasibilitystudy/studyreport/feasibilitystudyofroadpricing4002>

vehicles. Air quality within the charging area is likely to be improved as the level of emissions of particulates and nitrogen oxides are reduced, while carbon emissions may also decrease. The Government would expect local authorities to fully assess the impact on the environment, including local air quality, greenhouse gases and bio-diversity, that local schemes would have¹⁰. Improved air quality is likely to result in health benefits.

Public transport improvements:

59. We expect any local authority interested in developing a scheme to do so as part of a package, including significant investment in complementary public transport measures. This would be to ensure a viable alternative for car users looking to use their cars less frequently or not at all. Net revenues from road pricing schemes, as well as any financial support from the Transport Innovation Fund, could be used on local transport schemes, such as new bus routes and improved frequency of service.
60. In London, around £123 million in net revenue for the financial year 2006-07 was generated by the scheme (provisional figures)¹¹. This revenue has been invested to improve the bus network and to fund other transport improvements. One of the results of reinvestment was that excess waiting time for bus users fell by 30 per cent in the first year of the scheme and 18 per cent in the second year. It was also estimated that after the first year there was an increase of 37 per cent in the number of passengers entering the charging zone by bus during charging hours, supplied by an increase in the number of buses of between 10 and 20 per cent. Around half of this passenger growth was assessed to have been as a result of the scheme, and the other half due to a background trend of growth.

Social benefits:

61. A key purpose of tackling congestion is to mitigate the economic damage it causes. A stronger economy promotes employment, with benefits across all social groups and sectors.
62. A carefully structured scheme could provide positive benefits for many social groups, including those that suffer from social exclusion or limited accessibility, by a number of means. For public transport users, these could include reducing the costs of finding and travelling to work, and of travelling to health and educational institutions. Minority groups are also statistically more likely to use public transport in urban areas and therefore would benefit more from any public transport improvements. It would be expected that higher-income groups would experience larger absolute commuting cost increases than lower-income groups. This may be because of greater journey lengths and a higher propensity to use private cars. It is important for local authorities to give full consideration of the effects of a scheme on all groups and sectors so that the optimum balance of benefits is secured.

¹⁰ <http://www.webtag.org.uk/>

¹¹ Central London Congestion Charging - Impacts Monitoring. Fifth Annual Report, July 2007
<http://www.tfl.gov.uk/assets/downloads/fifth-annual-impacts-monitoring-report-2007-07-07.pdf>

Health and Safety:

63. Depending on the specific design of a scheme there may be benefits for health and safety. In London, the provision and conditions for pedestrians were improved as a result of the reduction in congestion. Given that there is a high probability that a scheme would be in close proximity to shopping areas and other amenities, more people would be likely to benefit from any such improvements for pedestrians, for example a better street environment. Pricing schemes may also encourage some people to walk or cycle for short journeys, in preference to using their cars, and may therefore deliver associated health benefits. The Government expects any local authority developing a scheme to consider its effect on physical fitness and journey ambience¹².
64. It is possible that, depending on design, where a local scheme is implemented there could be a reduction in road traffic accidents and, as a consequence, the resulting injuries and deaths. This could in part be due to an improved public transport, and increased provision for pedestrians.

Costs:

65. Road pricing schemes should be considered as part of a package of locally developed measures that include complementary improvements to local transport. The measures proposed in the Bill are therefore interrelated with the measures on improving governance structures and bus services. Local areas would need to decide what complementary measures they wish to bring forward, before the necessary tailored analysis of costs and benefits can be created.
66. The most immediate cost for road users involved in road pricing schemes is paying a charge to drive into the scheme area, though what this cost would be depends on the local scheme. For those who choose not to pay the charge, there may be the inconvenience cost of not travelling by private vehicle to an intended destination at a particular time. The cost of complying with a scheme can be minimised if schemes are structured in such a way as to be consistent and interoperable, and may be offset by the savings from reduced congestion, especially for business. It would be more expensive to have to use several schemes around the country that required different systems and technology in order to work, which is why the Bill contains measures to ensure interoperability between schemes.
67. Different sections of society will be affected by road pricing in different ways and local authorities are expected to examine fully the impact of a scheme on these groups, including lower-income households, people in later life and disabled people. The Department's research shows that those who travel on the most congested roads at the peak times are more affluent than

¹² http://www.webtag.org.uk/webdocuments/2_Project_Manager/7_Transport_Appraisal_Green_Book/2.7.2.htm

the population as a whole. Depending on scheme design, this could mean that this group would be more affected by any charge.

68. Freight operators and delivery companies may incur charges, not least because in many circumstances there is limited flexibility as to the times at which deliveries can be accommodated. However, as noted as a benefit above, these businesses are also likely to place a high value on journey time savings and increased reliability.
69. Businesses and tradespeople providing services in customers' homes are also likely to incur charges, though in some circumstances there might be scope to adjust working hours to avoid driving in the most congested periods. The scope for this might be greater where schemes involve different charge rates being applied at different times of the day, rather than a single flat rate throughout.
70. The main effects on retailers would likely be indirect, through any impacts on their customers, employees and suppliers. This would depend on many factors including: the location of the individual business (e.g. inside or outside a charging zone), the level of benefit they derive from faster and more reliable deliveries and the extent to which any reduction in custom from motorists might be offset by new custom from others (e.g. public transport users attracted to better public transport services as part of the package of measures alongside the pricing scheme). The extent to which deliveries by suppliers are, or can be, made outside of those times when the pricing scheme applies is also another important factor.
71. The costs to the public sector concern the cost of setting up a scheme (technology, equipment) and the cost of running a scheme when in operation. These would also vary enormously depending on the type and number of schemes implemented. As for interoperability between schemes it is hoped that through co-operation and mutual agreement charging authorities can agree a solution. As the potential benefits of interoperability are considerable, we expect that local authorities will want to build this facility into their schemes anyway. The "single account" approach should yield efficiency savings for local authorities in the longer term, by reducing duplication of functions across local authorities (e.g. functions relating to user registration, account management and payment administration).
72. It is important for local authorities to consider the impact on particular sectors and businesses as part of their overall assessment of the costs and benefits of implementing a pricing scheme in their areas. The Department encourages local authorities to work with businesses and to discuss these issues during the development and consultation of a scheme.
73. There would also be the cost to the local authority of setting up a road pricing scheme and maintaining it. This would depend on the scale and complexity of the proposals and whether the whole cost of the scheme would be handled by the public sector. The revenue from the scheme

would be invested in improving local transport, such as improving bus services or building more cycle lanes and walking paths.

74. We have said that we will make funding available from the Transport Innovation Fund from 2008 onwards for schemes in England that combine demand management, including road pricing, with improvements to local transport. The Government has announced that up to £200 million per year from 2008/09 to 2014/15 will be available from the Transport Innovation Fund (TIF) to support packages of measures to tackle congestion including road pricing. More may be made available if sufficient high-quality and higher-value schemes emerge. Local authorities will be able to bid for funding for innovative packages of measures including road pricing and complementary transport measures.
75. In advance of this, £18 million of 'pump-priming' funding has been made available to help local authorities to investigate the potential for demand management schemes. In total, ten local authorities or areas have received pump priming funds, and this is being used to understand the congestion problem in their area and explore potential solutions, including road pricing.

(3) Enforcement

(a) Buses: partnerships

76. Voluntary partnership agreements are negotiated between local authorities and bus operators, and there is no formal enforcement mechanism. For quality partnership schemes under the TA 2000, the traffic commissioners are responsible for taking action where the relevant facilities are used by an operator who has not agreed to participate in the scheme.
77. The Office of Fair Trading is responsible for enforcement of the relevant provisions of competition law. The Bill include specific enforcement provisions in respect of VPAs that do not meet the relevant competition test; these provisions are based on the existing Competition Act 1998 regime, but without the power to impose financial penalties.

(b) Buses: quality contracts schemes

78. Quality contracts schemes take the form of one or more contracts between local authorities and bus operators, and would be enforced contractually by the local authorities concerned. The traffic commissioners' role in registering services and monitoring compliance is disapplied in relation to services provided under a quality contracts scheme, other than in specified circumstances. However, the traffic commissioners will (as under existing legislation) have power to impose sanctions against persons who operate unauthorised local services in the area of a quality contracts scheme.

(c) Buses: punctuality

79. The Bill would strengthen the traffic commissioners' existing role in monitoring bus punctuality, and taking appropriate action where performance is poor. And for the first time the traffic commissioners would have powers to hold local authorities to account for their role in poor punctuality. The Bill includes provisions to reform the traffic commissioner structure in order to facilitate effective, consistent application of the new punctuality regime. The Bill also includes some specific proposals to address concerns that the intended effect of existing sanctions can sometimes be circumvented by bus operators. It would also allow the traffic commissioners to require a bus operator to invest in service improvements or in compensating passengers, in circumstances where the traffic commissioners can currently impose financial penalties.

(d) Modernising the traffic commissioner system

80. The post of senior traffic commissioner will be put on a statutory basis. The senior traffic commissioner will have powers to issue directions and guidance to the traffic commissioners on a range of issues. The current power of the Secretary of State to give directions to the traffic commissioner would be replaced with a power to give guidance to the senior traffic commissioner, to which they must give regard in the course of their duties.

(e) Bus and coach user representation

81. The purpose of any new body would be to represent the interests of bus passengers; questions of enforcement do not obviously arise.

(f) Buses: other measures

82. The Bill will introduce a new sanction of impounding vehicles used as public services vehicles without the authorisation of a licence, though this only applies to vehicles with more than eight passenger seats. Enforcement will be by the vehicle examiners appointed under the Road Traffic Act 1988 who are employed by the Vehicle and Operator Services Agency (VOSA). It is anticipated that the deterrent effect of this sanction will result in actual impoundments being used sparingly – as has been the case with goods vehicle impoundments.
83. The question of enforcement does not arise in relation to the other bus measures, except that the traffic commissioners would remain responsible for regulation of local bus services provided by holders of PHV licences who apply to operate local bus services under a "special restricted" PSV licence.

(g) Governance

84. In carrying out reviews of governance arrangements and producing schemes for change, local authorities and other relevant bodies would have to have regard to guidance issued by the Secretary of State and to comply with the terms of any direction which the Secretary of State may have issued to them. It would be for the Secretary of State to take any resulting scheme into account in deciding whether to make an order, and on what terms. In doing so he will have regard to how far the review and any resulting scheme took into account the statutory guidance and complied with any directions.
85. ITAs would have to have regard to guidance issued by the Secretary of State in producing their Local Transport Plan. Enforcement of this duty and others relating to the production of LTPs would be a matter of administrative law for the civil courts.
86. Secondary legislation may give a power to a specific ITA, or successor body, to give directions to a local authority as to how it makes use of its powers as traffic authority or highways authority (for instance not to carry out road works on a given road at a particular time). These directions could be enforced by the directing authority taking such steps as it considers appropriate to reverse or modify the effect of any exercise of power in contravention of such a direction, and recovering the cost of doing so as a civil debt.

(h) Local road pricing schemes

87. While the main aim of the policy is to empower local authorities and encourage local schemes, it is important that consistency and interoperability between schemes is monitored, and the details of schemes are transparent to the general public and central government. We would expect that local authorities make appropriate use of the powers given to them, and schemes which did not stay within the statutory powers, take account of the statutory guidance or comply with relevant regulations would be susceptible to legal challenge.
88. General guidance has already been developed for road pricing schemes, for instance on systems and operations, for local authorities in advance of the submission of business cases for the Transport Innovation Fund. This is important for areas where consistency is necessary but some local flexibility in approaches might be acceptable.

(4) Specific impact tests

(a) Competition assessment

89. Certain aspects of the buses part of the Bill raise competition issues, and the Department for Transport has worked closely with the Office of Fair Trading in developing its approach.
90. There is currently little on-road competition in the bus market and, when it occurs, it often fails to enhance the quality of service or provide genuine choice. It is estimated that only 4 per cent of services are subject to direct competition.
91. Quality partnership schemes and voluntary partnership agreements could have an impact on competition, but the provisions in Schedule 10 of the Transport Act 2000 (as amended by the Bill) ensure that such schemes or agreements can go ahead only where specified competition tests are met.
92. Quality contracts schemes, by their very nature, substitute periodic "competitions for the market" in place of "competition within the market". Once a contract or set of contracts has been let, competition is eliminated from the routes concerned for the duration of the contracts. However, bus operators would still be able to operate local services in areas *outside* the area of the quality contracts scheme, and we anticipate that there would still be many such areas available. The Bill would also provide scope, under certain circumstances, for the registration of additional local services within the area of a quality contracts scheme.
93. The impact of such schemes on competition and smaller operators would be sensitive to the design of the scheme, and in particular the number of separate contracts within the area concerned. The greater the number of contracts, the greater the scope to secure a more diverse base of active suppliers (including smaller operators) within the local market; but conversely, the costs of administering a scheme are likely to be higher if a large number of small contracts are involved.
94. It would be for local authorities to identify the appropriate balance between these two considerations, having due regard to the impact of any proposed quality contracts scheme on competition and smaller operators. The Bill provides for the Secretary of State and Welsh Ministers to issue guidance to local authorities regarding the performance of their functions in relation to quality contracts schemes, which could cover these issues. Crucially, a local authority would need to ensure that the contractual process and the number of separate contracts was designed to protect the long-term interests of passengers, including by maintaining effective competition for future contracts.
95. Bus operators who failed to secure quality contracts would still be able to compete for contracts to operate school bus services and other specialist services, and would be free to take on private hire work, and to operate

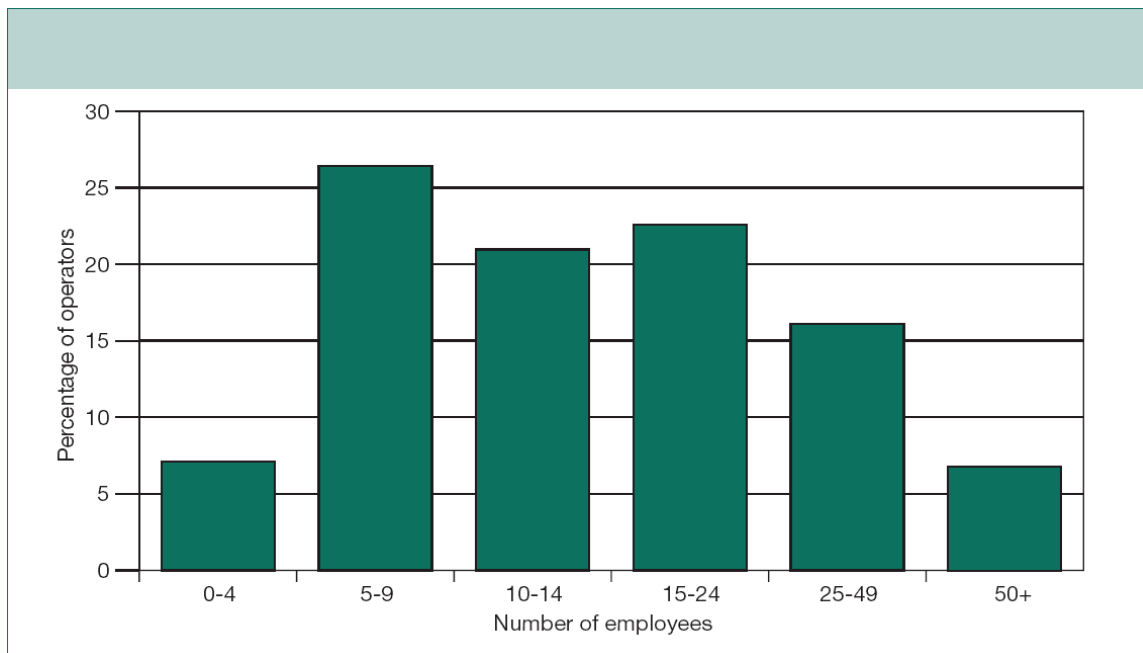
long-distance services or excursions which are not regulated. There might also be scope to develop opportunities for sub-contracting within a quality contracts scheme. Each of these factors could contribute to preserving a diverse local supplier base, boosting the strength of competition in subsequent tendering rounds.

96. Other provisions in the Bill are not judged to have a significant effect on competition.

(b) Small firms

Buses:

97. The bus market contains a number of very large operators, with five major companies accounting for around two thirds of services and an even greater proportion of passenger trips. But there are also many smaller operators. In total, there are an estimated 650 operators in England (outside London), and 900 in Great Britain.



98. We believe that smaller operators could be particularly affected by quality contracts schemes, and by the bus punctuality proposals. In both cases, the Government is working in consultation with the Confederation of Passenger Transport (whose members include most small operators) and others to ensure that the interests of small bus operators are duly taken into account as these proposals are implemented. Paragraphs 92 to 95 (on quality contracts schemes) and 31 (on punctuality) explain the steps the Government is taking in these areas.

Local road pricing schemes:

99. The extent to which smaller businesses are affected by local road pricing schemes would depend on the composition of the local business community, the design of any schemes, and a variety of other local circumstances.
100. Analysis conducted by Transport for London¹³ on the London congestion charge suggests that there is no strong evidence that charging has disproportionately affected any particular size of business in the charging zone, and that sales revenue for smaller businesses has actually grown faster in the charging zone than elsewhere in London.
101. Impacts would vary from place to place. It will be important for local authorities considering the scope for local road pricing schemes to consult with small businesses in their areas and to assess the potential impacts a scheme might have on those businesses. Existing guidance to English local authorities wishing to develop local road pricing proposals, as part of a bid for funding under the Transport Innovation Fund, emphasises the importance of local consultation, including with local small businesses, many of whom may not be directly represented by local business representative groups.
102. In addition to the level of the charge itself, smaller businesses may be affected by the costs of any administration involved in local road pricing schemes. Provisions in the TA 2000, and in the Bill, will be important in this regard, as they are designed to help ensure that schemes in different places are consistent and interoperable. This should help to reduce the costs faced by small businesses in learning about the requirements of individual schemes, complying with those requirements, and (if appropriate) installing any technology.
103. The Bill also includes powers for the appropriate national authority to make regulations. Regulations can be made which, where a road user wishes to do so, will enable them to register for a single 'account' with just one scheme provider, install a single piece of technology (if appropriate) and make a single arrangement for payment covering their interaction with all local schemes under the Transport Act 2000. Such arrangements could be particularly beneficial to smaller businesses who operate vehicles across a number of urban areas.

¹³ Central London Congestion Charging - Impacts Monitoring. Fifth Annual Report, July 2007
<http://www.tfl.gov.uk/assets/downloads/fifth-annual-impacts-monitoring-report-2007-07-07.pdf>

Governance:

104. The governance provisions in the Bill are not expected to affect small businesses.

(c) Sustainable development

105. The Government is committed to five principles of sustainable development, as follows:

- living within environmental limits;
- ensuring a strong, healthy and just society;
- achieving a sustainable economy;
- promoting good governance; and
- using sound science responsibly.

106. The proposals in the Bill are judged to be consistent with these principles. In particular:

- improving public transport will help to ensure that more people have access to a reliable, efficient and affordable public transport alternative to private car use - promoting greater choice and the use of more environmentally sustainable forms of transport;
- better public transport will be beneficial to personal well-being (through greater access to goods and services, and to employment opportunities);
- strengthening local transport links and tackling congestion will help to sustain future economic growth. Sir Rod Eddington's advice to government highlighted the growing costs that traffic congestion will impose on the nation's future economic performance;
- the Bill provides greater freedom and flexibility to local areas to meet the transport needs of their local communities - ensuring powers are at the right level of government, consistent with the principles of good governance. The Bill also provides the specific opportunity for areas to develop proposals to reform and strengthen the arrangements for planning and delivering local transport in their areas; and
- the Bill creates specific new duties for local transport authorities to have regard to the Government's environmental policies.

(d) Carbon assessment

107. Provisions in the Bill have the potential to deliver carbon savings through a number of channels. This Impact Assessment does not attempt to quantify those savings, which would depend on how local authorities make use of the new and strengthened powers that the Bill would grant them. Carbon impacts could arise through:

- environmental benefits of modal shift from private car to bus, in particular where local authorities take successful steps to improve the quality of local bus services. On average, the carbon impact of bus travel is 57 per cent lower than for the same journey made by a single occupant in a private car.
- local authorities specifying modern, lower-emission vehicles as part of voluntary bus partnership agreements, quality partnership schemes and quality contracts schemes. It is important that local authorities consider the full range of potential environmental impacts when designing such schemes. For example, technological improvements to improve air quality emissions can have an impact upon fuel efficiency (and therefore carbon dioxide emissions).
- local road pricing schemes, where measures to tackle congestion can deliver consequential benefits for the environment. Carbon savings from road transport could be as much as 5-10 per cent¹⁴ in the local area concerned, but the extent of savings would depend on how far pricing encourages modal shift (rather than shifting of journeys to different times of day) and on whether local authorities choose to vary charges by vehicle emission standards. The carbon impact of any scheme would also depend on the complementary transport measures which local authorities choose to fund with pricing scheme revenues.
- The duty on local transport authorities to have regard to the government's environmental policies.

(e) Other environment

108. The exercise of powers afforded to local authorities in the Bill could have a significant impact on local air quality, and to a lesser extent noise pollution. As with carbon emissions (above), this Impact Assessment does not seek to quantify these impacts, as they would depend on how local authorities make use of the powers available to them.

109. The channels through which such impacts might occur are essentially the same as the first three bullets under 'carbon' (above). The same points are not repeated here, but relevant additional evidence includes:

¹⁴ Road Pricing Feasibility Study 2004

- benefits of air quality improvements are likely to be greatest in 'hotspots' of poor air quality in congested urban areas. Evidence published by Defra shows that, in England, the least affluent members of society tend to be exposed to the highest levels of pollution - so air quality benefits arising from the Bill may particularly benefit lower-income households.;
- a number of existing voluntary bus partnership agreements, and also the quality partnership scheme in North Sheffield, include vehicle emissions as one of the specified 'standards of service' that participating bus operators must deliver.
- experience from the London Congestion Charge¹⁵ (prior to its western extension) is that emissions of NO_x are estimated to have been reduced by about 8 per cent within the charging zone, and unchanged on the inner ring road. There has also been a 7 per cent reduction of emissions of particulate matter (PM10) within the zone.

(f) Health

110. The proposals in the Bill could affect health outcomes through a number of different channels, including:

- **environmental impacts.** As noted earlier in this Evidence Base, a number of proposals in the Bill could lead to environmental benefits, including improvements to air quality in congested urban areas¹⁶. Given the links between local air pollution and health, there is clear scope for reductions in traffic congestion to contribute to improved health outcomes; evidence also suggests that air quality improvements in urban areas can particularly benefit low-income households.
- **impacts on physical activity.** There are well-known health benefits arising from increased physical activity, including 'active' modes of transport such as walking and cycling. The effects of better bus services and increased patronage would depend on whether higher patronage reflects substitution from private car travel (which would tend to increase walking, to and from the bus stops) or from walking and cycling. The balance between these factors would inevitably depend upon local circumstances.

Depending on scheme design, local road pricing could also encourage some substitution towards walking and cycling, although modelling evidence¹⁷ does suggest that a high proportion of congestion savings may result from changing journey times, rather than from modal shift. The small pricing scheme in Durham's historic centre has supported a 10 per cent increase in pedestrian activity on the route in question. There is also

¹⁵ Central London Congestion Charging - Impacts Monitoring. Fifth Annual Report, July 2007 <http://www.tfl.gov.uk/assets/downloads/fifth-annual-impacts-monitoring-report-2007-07-07.pdf>

¹⁶ Local Authorities have legally binding air quality limit values which can be found at <http://www.defra.gov.uk/environment/airquality/strategy/pdf/air-qualitystrategy-vol1.pdf>

¹⁷ Road Pricing Feasibility Study 2004.

evidence to suggest that traffic congestion, for example on radial urban routes, can act as a deterrent to walking - so tackling congestion could help to encourage an increase in 'active' modes of travel, and hence the associated health benefits. Local authorities proposing to implement a local road pricing scheme are encouraged by the Government to promote walking and cycling as alternative modes through targeted campaigns.

- **access to healthcare and social services.** Well-designed improvements to public transport, whether implemented in isolation or as part of a wider package of measures including local road pricing schemes, could help to improve access to health and social care facilities, particularly for more vulnerable members of society. As well as contributing to better health outcomes, better and more reliable access to these services could help to reduce the cost to the health service of missed appointments, and the reliance on ambulances and NHS transport for non-emergency cases.
- **access to employment.** By strengthening transport links between unemployed workers and job opportunities, public transport improvements may deliver health benefits associated with moving into employment.

(g) Race equality

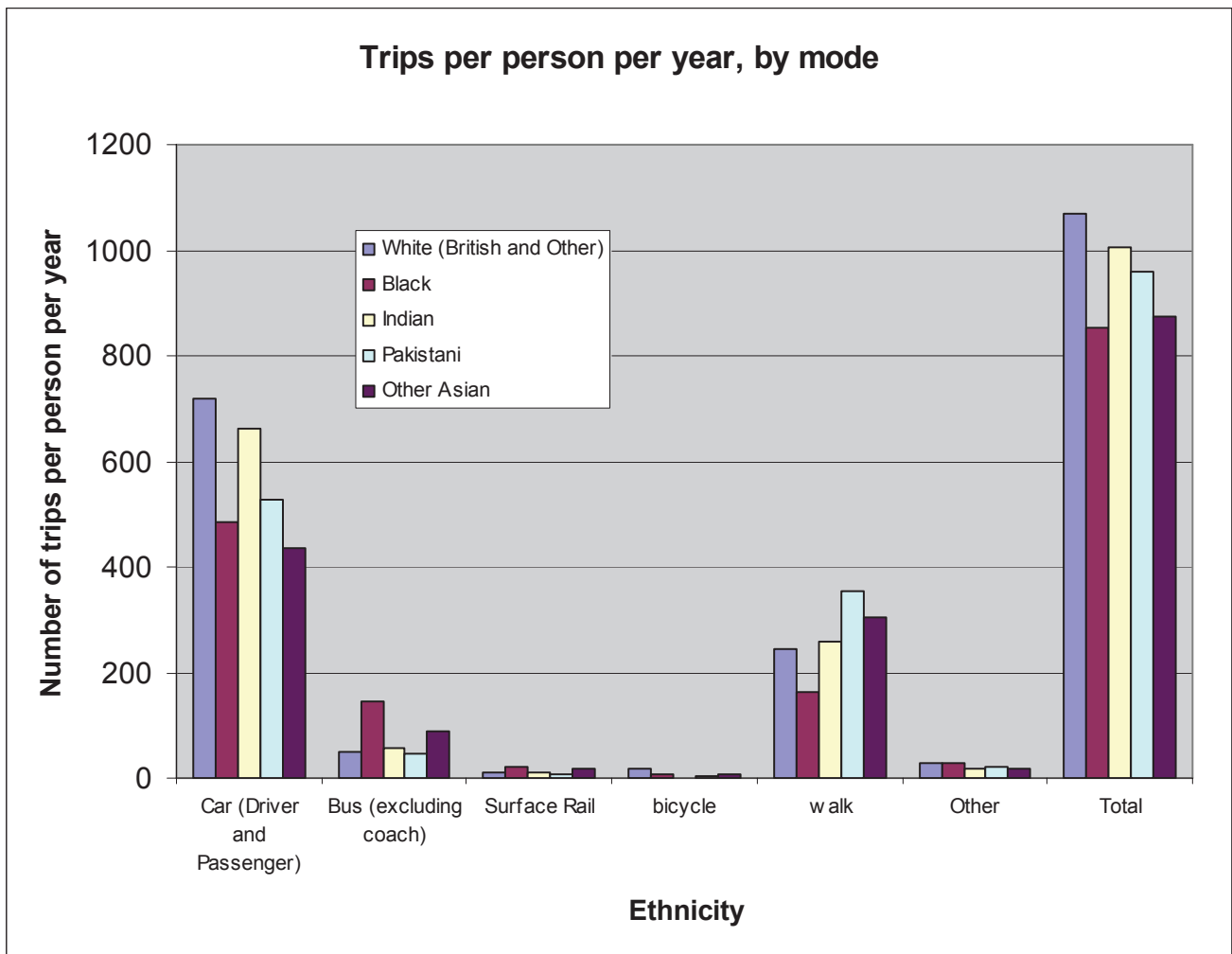
111. The Department's aim is transport that works for everyone, and this means understanding the effects of its legislation on all sections of society. Much work has been carried out to understand the particular transport needs and concerns of minority groups, for example a long-term programme of consultation and engagement that was begun in 1999 and has been linked into the Race Equality Scheme 2003-05 and 2005-08, for which more information can be found on the Department's website¹⁸.

112. The proposals in the Bill are not directly focused on race equality issues and do not generally coincide with the specific issues identified by minority groups as of particular concern to them. However there are a number of aspects of the Bill which would affect such issues, and in a generally positive way.

113. The general trend for transport use in the UK is for adults from minority groups to use public transport more than white individuals, and for the reverse to be true when it comes to car use. It can broadly be extrapolated from this that costs and benefits from a road pricing scheme may be felt more by white individuals, and the benefits to public transport provision, in particular better bus services, more by minority groups. However, some minority groups do rely on car use more than others and so they may be more likely to experience the costs and benefits from a road pricing scheme.

Mode used when travelling to work for different racial backgrounds

¹⁸ <http://www.dft.gov.uk/about/sr/diversity/res/scheme/raceequalityscheme20032005?page=1>



114. Other relevant evidence includes:

- Non-white people on average make significantly more bus trips¹⁹ than white people, and will therefore benefit disproportionately from measures that improve buses.
- Black and minority ethnic individuals are broadly less affluent and less likely to own a car, for example 67 per cent of all people from minority ethnic groups live in the 88 most deprived local authority districts compared with 40 per cent of the general population. As minority groups are less likely to use congested roads at peak times, they are also less likely to be affected by any changes from a scheme. However, differences in wealth may mean that certain minority groups are less able to change their behaviour. This may mean that certain minority groups may be affected more by a road user charge and may also benefit from reduced

¹⁹ There are various different ways of calculating a figure for this. The draft Impact Assessment noted that average trip rates on non-London buses, by residents of England and Wales, were nearly 10 per cent higher for non-white than for white respondents. However, further analysis carried out based only on sampled respondents who live outside London, a more appropriate value for calculating the impact of the Bill on England and Wales outside London, shows a figure of around 70 per cent.

journey time or improved reliability, for example when needing to drive to work.

- Research has revealed that children from minority ethnic backgrounds are at greater risk of pedestrian injury than their white peers. In London, after the congestion charge was introduced the provisions for pedestrians were improved, for example some streets were pedestrianised or the pavement space was increased. Thus it could be expected that children from minority ethnic backgrounds would particularly benefit from such improvements in any future schemes.
- Older people from black and minority ethnic groups are less likely to have a driving licence than the general population, which indicates a particular reliance on public transport. This would translate to a stronger impact of the policies to improve bus services.
- There is some evidence that public transport services often do not always reflect the changing travel patterns and needs of local communities. Bus stops and bus times sometimes relate to out of date patterns of shopping and work, or to particular religious holidays, and do not reflect some of the transport needs of black and minority ethnic groups. The provisions in the Bill allowing greater control and flexibility of bus routes and timetabling would allow routes to be changed to better serve the needs of minority users.

115. Any guidance that the Secretary of State issues on governance arrangements and Local Transport Plans would need to include consideration of race equality issues. In developing a local road pricing scheme the Government would expect local authorities to have regard to their duties under the Racial Equality legislation.

(h) Gender equality

116. Similarly to race equality issues, the proposals in the Bill are not specifically directed at gender issues, but would have some effects that would impact upon men and women differently, although comparisons are qualitative.

117. Relevant evidence includes:

- Women are more frequent users of buses (taking on average 54 trips per year compared to 39 for males), and so are more likely to benefit from the improved bus services that are likely to come about through the changes proposed in the Bill on Voluntary and Quality Partnerships as well as Quality Contracts.
- As men make up only slightly more than half of car users at peak times we would expect that the impact of a road pricing schemes, in terms of charges payable and benefits from reduced congestion, to be broadly equal to both men and women.

- While overall car use of men and women is equal, women are more likely to be passengers. As such, they are less likely to be directly affected by the charges from a road pricing scheme, but may nevertheless benefit from reduced congestion.
- Research shows that women are more likely to use a tolled road than men if it is on their usual route²⁰. Women also place a much higher value on reliability of journey time than men, roughly twice as high as the value they place on saving time, and so are more willing to pay the cost.
- Men are significantly more likely to use bicycles, and so may benefit more from reduced traffic levels within a road pricing scheme area when cycling. Women are more likely to be pedestrians, and so would benefit from schemes when walking in a scheme area.
- Women are less likely to have access to a private car and are less likely to hold a full driving licence (61 per cent of women do compared to 81 per cent of men) and so find it harder to access employment opportunities. Such women would more likely than other groups benefit from improvements in bus services, and these benefits would be particularly crucial given the importance of finding employment.

(i) Disability equality

118. The Government aims to improve transport provision for disabled people, whether as pedestrians, public and special transport users, or motorists. The Government recognises that disabled people have particular transport and accessibility needs, depending on the nature of their disability.
119. In Great Britain adults with mobility difficulties, defined as a condition making it difficult to go out on foot or use a local bus, make approximately a third fewer trips by any mode per person than those without mobility difficulties. Despite this, adults with mobility difficulties make on average 15 per cent more local bus trips per person than those without mobility difficulties.
120. Data have been taken from a number of sources, for example “Evidence Base Review on Mobility: Choices & Barriers for Different Social Groups”²¹.
121. Any road pricing scheme that interacts with users of differing abilities (e.g. user declaration and registration processes) would need to take particular account of the requirements of the Disability Discrimination Act 1995 and Disability Discrimination Act 2005. These Acts prohibit discrimination on the grounds of disability, which is an issue that needs to be considered in scheme design.

²⁰ Understanding the Social and Distributional Impacts of Road Pricing, <http://www.dft.gov.uk/162259/163944/248334/reporttwo>

²¹ <http://www.dft.gov.uk/162259/163944/evidencebasereviewmobility>

Buses:

122. Public transport, and buses in particular, are a vital lifeline for many disabled people. Mobility difficulties are strongly correlated with demographic factors such as age, gender and income.
123. On average, adults with mobility difficulties make about one third *fewer* trips than other adults - but they make around 15 per cent *more* trips by bus than other people. Because they make (on average) disproportionately high use of local bus services, they would be expected to benefit more than average from measures that successfully improve the standard and punctuality of local bus services.
124. But this aggregate picture may mask important trends. Although people with mobility difficulties make more use of local bus services, many do report difficulties in using those services. Getting to/from the bus stop, getting on/off the bus, standing at bus stops, and getting to/from an available seat, are frequently-cited obstacles. However, those with visual impairments, communication or learning difficulties will also have particular needs in terms of identifying the right bus to board and the right stop at which to disembark, as well as accessing timetable information and communicating with on-board staff.
125. Lack of equality of access to public transport is seen as an important structural barrier to disabled people's equality of position in society. While regulations introduced under the Disability Discrimination Act 1995 will eventually make all full-sized buses accessible for disabled people by 2017, it is clearly in the interest of those people that the majority of buses should reach those standards much sooner. The provisions in the Bill to facilitate more effective partnership arrangements between local authorities and bus operators, as well as quality contracts schemes, are intended to give local authorities greater scope to deliver bus services that better meet the needs of all travellers, including people with disabilities, in their areas. The key feature of the Bill is that it enables local authorities to determine the needs of their own local populations, and to work in partnership with bus operators to help address those needs.
126. Partnership arrangements and quality contracts schemes could, specify standards of vehicles to be used on particular services - which might include, for example, accessibility for wheelchair users, audio-visual journey information for those with visual impairments or communication difficulties, or driver awareness training to help ensure that the needs of disabled travellers are understood and catered for.
127. The Bill also provides that local authorities can enter into subsidy contracts to secure a higher 'standard' of service than would be provided on a purely commercial basis; at the local authority's discretion, the 'standard' of service could, for example, include provisions relating to vehicle standards, the level of customer care, etc.

128. Better bus services would be especially beneficial for disabled people seeking employment. Research²² has found that about half of disabled people surveyed had turned down a job offer or job interview due to lack of accessible transport, and about half said that lack of transport had restricted their choice of job. It was also found that disabled entrepreneurs cited lack of transport as one of the barriers to entering and sustaining self-employment. Similarly, disabled people accessing health care would also benefit, as it can be harder for disabled people to do so than for the general population.
129. The community transport sector also plays an important role in some areas in providing transport services for disabled people. An estimated four fifths of people with mobility difficulties are aware of the availability of mobility services in their local areas, with dial-a-ride and hospital car services being the most widely known. Provisions in the Bill to remove certain restrictions for community transport operators should help to increase flexibility for them to provide transport services, including to people with disabilities who may be particularly dependent on them.

Local road pricing schemes:

130. On average, people with mobility difficulties are less likely to have access to a car, and make fewer car journeys, than other people. For example, 60 per cent of disabled people have no car in their household compared to only 27 per cent of the general public. On the face of it, this suggests that people with mobility difficulties may, as a whole, be less affected by the charges imposed by local road pricing schemes than other road users. Evidence presented above suggests that, as a group, they would benefit more than average from improvements to local bus services that form part of any package of measures alongside a local road pricing scheme.
131. However, this may not necessarily be the case for everyone: people with some types of mobility difficulties may be unable to access public transport, and therefore be particularly dependent on private car usage to meet their travel needs. Such people may therefore be affected by the charges from local road pricing schemes, but may also benefit from any reduction in congestion leading to shorter and more reliable journeys. Such a group may also be less able to benefit from public transport improvements that local authorities choose to introduce alongside a scheme.
132. The Bill is not prescriptive about how local authorities can best meet the needs of people with disabilities. The Government expects local authorities to consider carefully the impact of any scheme proposals on people with mobility difficulties, and to consult with representatives of disabled people to understand the issues they face. In deciding whether to offer discounts or exemptions to people with disabilities, local authorities should consider

²² J Campion, C Greenhalgh, J Knight, 2003, *Mind the Gap: Leonard Cheshire's social exclusion report 2003*

carefully the impact on scheme objectives and value for money, would need to assess how to ensure adequate enforcement against misuse and should ensure that they observe their duties under the Disability Discrimination legislation.

Governance:

133. The proposals relating to local transport governance are not expected to have a direct impact on disabled transport users. However, we would expect guidance issued by the Secretary of State on governance arrangements and transport planning to underline the need for authorities to take full account of the needs of disabled people in drawing up their proposals and relevant strategy documents.

(j) Human rights

134. The Secretary of State has concluded that the provisions contained in the Bill are consistent with the European Convention on Human Rights.
135. The provisions in respect of quality contracts schemes potentially engage Article 1 of Protocol 1 (the right to peaceful enjoyment of possessions) and Article 6 (right to a fair trial) of the Convention.
136. Mitigation of the impact of any such potential interference is as follows. The effect of setting up a quality contracts scheme may be that some control would be exerted by the local authority on the use of an operator's property, in particular where a scheme affected the ability of an operator to continue to provide services as determined by him on a specific route or routes. In such circumstances, however, that operator would not be prevented from bidding successfully for contracts under a scheme, providing services under a permit, or from using his vehicles to operate local services outside the area to which the scheme relates. Local authorities would be required to demonstrate that any adverse effects arising from the scheme are proportionate to the public interest benefits arising from it in terms of improvements to local bus services.
137. The view of the Department is that the provisions in the Bill strike a fair balance between the desires of local authorities, in certain areas, to take more control of local bus services so as to deliver the policies in their local transport plans, and the commercial interests of bus operators in those areas. Before a scheme is made by an English local transport authority, it would need to be considered and approved by the newly designated Approvals Board. That process would include consideration of written representations about the scheme. The Board would also have the power to hold inquiries, which would take place in public. Thereafter, the decisions of that Board may be the subject of an appeal to the Transport Tribunal.

138. In Wales schemes would continue, as now, to be subject to the approval of the Welsh Ministers. The process includes full opportunity for written representations to be made about proposed schemes.

(k) Rural proofing

139. The Bill offers a variety of new or strengthened powers to local authorities across the country, whether in rural or urban areas. The interests of rural areas have been well represented at consultation events on the Bill, which were attended by local authorities, bus operators and other parties with a specific interest in rural transport issues. The Minister of State's programme of visits as part of the consultation process have included visits to Sheffield, Bristol, Norwich, Wigan and Newcastle, as well as meetings with local authorities, PTEs, local businesses, environmental groups, and bus operators. Written consultation responses were also received from a variety of stakeholders based in rural areas.

Buses:

140. Bus services have been in decline in rural areas over the past 30 years, while those living in rural areas already tend to make approximately 12 per cent fewer trips per person per year than those in the smallest urban areas. The development of the proposals in the Bill has taken account of the needs of rural and urban areas alike. The bus policy review that preceded the development of our proposals included Ministerial visits and discussions involving operators in rural Lincolnshire and rural north-west Norfolk. 'Roadshow' events in spring 2007 to discuss the proposals in *Putting Passengers First* were held around the country, and were well attended by stakeholders representing the interests of rural areas.

141. The Government's approach in the Bill has been to make available a range of options for local authorities seeking to improve bus services in their areas. The diversity of options reflects the diversity of needs in different communities around the country, including the particular needs of rural areas.

142. The prevailing view through the consultation process has been that opportunities for strengthened partnership arrangements, in particular, are likely to benefit rural areas. Experience from existing partnership agreements, for example in Telford & Wrekin and Gwynedd, is that they can provide very significant benefits in rural areas. In the former case, the "Ruraline" service connecting rural communities to job and leisure opportunities has seen a two-thirds increase in patronage.

143. Measures to improve bus punctuality and reliability are likely to be important in rural areas: especially where services are relatively infrequent, where the cancellation of a single service can often mean lengthy delay for passengers. The Government has acknowledged that a proportionate approach needs to be taken in the new punctuality regime, so as to ensure that undue burdens are not placed on bus operators in rural areas. We

have acknowledged that it might be appropriate to place different data requirements on smaller operators, and on operators in rural areas, and will continue to take account of the needs of rural operators and communities as we work with the industry to establish how the punctuality regime would work in practice.

144. During the consultation, quality contracts schemes have often been perceived as being relevant principally in urban areas. On the other hand, at least one representative of a rural local authority took a different view, urging the Government and others to recognise that such schemes could well be appropriate and deliver benefits in rural areas.
145. The community transport sector plays an important role in the provision of services in some rural areas where there is insufficient demand to sustain a commercial service. Similarly, there may be scope for holders of private hire vehicle licences to contribute to the provision of local services in areas where demand is sparse. The proposals in the Bill in these areas are therefore expected to be of particular relevance in rural areas.

Local road pricing schemes:

146. The opportunity to set up local road pricing schemes exists across the country. The areas that have received 'pump-priming' funding ahead of the Transport Innovation Fund are focusing on the role that road pricing might play as part of a package of measures to tackle road congestion in urban areas. However, the legal powers to introduce road pricing schemes are not restricted to urban local authorities.
147. People and businesses in rural areas may nevertheless be affected by proposals for local road pricing schemes, for example because they depend on nearby towns and cities for employment, goods and services. It would therefore be important for local authorities to consider the potential impact of local pricing schemes on the surrounding rural area when developing proposals for such schemes. Existing TIF guidance issued by the Department emphasises this point, making clear that a local authority should consult its neighbouring authorities and use its best endeavours to offer those who regularly enter or have business in the proposed charging area the opportunity to comment on the plans.

Local transport governance:

148. The proposals relating to local transport governance are focused particularly on the needs of larger urban areas. Nevertheless the Bill also allows for reviews of existing arrangements to be carried out in other areas, where these are seen as desirable. For instance, there may be a case for reviewing existing arrangements in those rural areas which border on to larger cities, especially given changes to travel to work patterns for those working in cities.

