



Transport Act 1985

1985 CHAPTER 67

PART IV

LOCAL PASSENGER TRANSPORT SERVICES

Passenger Transport Areas

57 Passenger Transport Areas, Authorities and Executives

(1) In section 9 of the 1968 Act (designation of passenger transport areas and establishment of Passenger Transport Authorities and Executives)—

(a) for subsections (1) to (4) there shall be substituted the following subsections—

“(1) For the purposes of this Part of this Act—

(a) each of the following areas, that is to say—

(i) in England and Wales, the metropolitan counties; and

(ii) in Scotland, that part of the Strathclyde region which was a designated area for the purposes of this Part of this Act immediately before the date on which section 57 of the Transport Act 1985 came into operation;

shall be a passenger transport area ;

(b) the Passenger Transport Authority for a passenger transport area (referred to below in this Part of this Act, in relation to that area, as " the Authority ") shall be—

(i) in relation to a passenger transport area in England and Wales, the metropolitan county council; and

(ii) in relation to the Strathclyde passenger transport area, the Strathclyde regional council ; and

(c) the Passenger Transport Executive for a passenger transport area (referred to below in this Part of this Act, in relation to that area, as " the Executive") shall be the body which

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immediately before the date mentioned in paragraph (a) above was the Passenger Transport Executive for the designated area for the purposes of this Part of this Act corresponding to that passenger transport area.

- (2) The Executive for a passenger transport area consists of—
- (a) a Director General appointed in accordance with Part II of Schedule 5 to this Act by the Authority ; and
 - (b) not less than two nor more than eight other members so appointed by the Authority after consultation with the Director General.
- (3) Subject to subsection (2) of this section and Part II of Schedule 5 to this Act, the Secretary of State may by order make with respect to the Executive for any passenger transport area—
- (a) such provision with respect to any of the matters referred to in Part III of that Schedule; and
 - (b) such supplementary, incidental and consequential provision; as appears to the Secretary of State to be necessary or expedient.
- (4) Before making any order under subsection (3) of this section, the Secretary of State shall consult with the Passenger Transport Authority for the area and, where the area is in England and Wales, with the councils of the districts comprised in the area.”;
- (b) in subsection (5), as it applies to England and Wales, for the words " constituent areas " there shall be substituted the words " the districts comprised in a passenger transport area ";
 - (c) in subsection (5), as it applies to Scotland, for the word " designated" there shall be substituted the words " passenger transport " ; and
 - (d) subsection (7) shall be omitted.

(2) After section 9 there shall be inserted the following sections—

“9A General functions of Passenger Transport Authorities and Executives.

- (1) It shall be the duty of the Authority for any passenger transport area to formulate from time to time general policies with respect to the descriptions of public passenger transport services they consider it appropriate for the Executive for their area to secure for the purpose of meeting any public transport requirements within their area which in the view of the Authority would not be met apart from any action taken by the Executive for that purpose.
- (2) The Authority shall seek and have regard to the advice of the Executive for their area in formulating their policies under subsection (1) of this section.
- (3) It shall be the duty of the Executive for any passenger transport area to secure the provision of such public passenger transport services as they consider it appropriate to secure for meeting any public transport requirements within their area in accordance with policies formulated by the Authority for their area under subsection (1) of this section.

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- (4) The Executive shall have power to enter into an agreement providing for service subsidies for the purpose of securing the provision of any service under subsection (3) of this section; but their power to do so—
- (a) shall be exercisable only where the service in question would not be provided without subsidy; and
 - (b) is subject to sections 89 to 92 of the Transport Act 1985 (tendering for local services, etc.).

- (5) Where it appears to the Authority for any passenger transport area that it would be appropriate for the Executive for that area to take any measures for the purpose of or in connection with promoting, so far as relates to that area—
- (a) the availability of public passenger transport services other than subsidised services and the operation of such services, in conjunction with each other and with any available subsidised services, so as to meet any public transport requirements the Authority consider it appropriate to meet; or
 - (b) the convenience of the public (including persons who are elderly or disabled) in using all available public passenger transport services (whether subsidised or not);

the Authority may from time to time formulate general policies with respect to the description of such measures to be taken by the Executive for that area, and the Executive shall take such measures for the purpose or in the connection mentioned above as appear to them to be appropriate for carrying out those policies.

- (6) It shall be the duty—
- (a) of the Authority for any passenger transport area, in formulating any such policies ; and
 - (b) of the Executive for any passenger transport area, in carrying out any such policies ;

so to conduct themselves as not to inhibit competition between persons providing or seeking to provide public passenger transport services in their area.

- (7) It shall be the duty both of the Authority and of the Executive for any passenger transport area, in exercising or performing any of their functions under the preceding provisions of this section, to have regard to the transport needs of members of the public who are elderly or disabled.

- (8) No person who is for the time being—
- (a) the operator of any public passenger transport services;
 - (b) a director of any company or (as the case may be) an employee of any company or other person who is such an operator;
 - (c) a director or employee of any company which is a member of a group of interconnected bodies corporate any one or more of which is such an operator;
 - (b) in Scotland, a regional or islands council, be) an employee of a partner of such an operator;

shall be appointed as a member, officer or servant of the Executive for any passenger transport area; and any person so appointed who subsequently becomes such an operator, director, partner or employee shall immediately

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vacate his membership of the Executive, or (as the case may be) his office or employment with the Executive.

- (9) References in subsection (5) above to subsidised services are references to services provided under an agreement providing for service subsidies entered into—
- (a) by the Executive for the area in question or for any other area under subsection (4) of this section; or
 - (b) by any non-metropolitan county or district council in England and Wales or by any regional or islands council in Scotland under section 63 of the Transport Act 1985.
- (10) For the purposes of subsection (8) above, any two bodies corporate are to be treated as interconnected if one of them is a body corporate of which the other is a subsidiary or if both of them are subsidiaries of the same body corporate; and in that subsection " group of interconnected bodies corporate " means a group consisting of two or more bodies corporate all of which are interconnected with each other in the sense given above.
- (11) In this section and section 9B of this Act " public passenger transport services " has the same meaning as in the Transport Act 1985 ; and—
- (a) references in this section to agreements providing for service subsidies ; and
 - (b) references in this section and that section to the operator of, or to persons operating, any public passenger transport services ;
- shall be read as if contained in that Act.

9B Consultation and publicity with respect to policies as to services.

- (1) When considering from time to time the formulation of policies for the purposes of section 9A(1) of this Act, the Authority for a passenger transport area shall consult—
- (a) with every Passenger Transport Authority, county council or regional council whose area may be affected by those policies ; and
 - (b) either with persons operating public passenger transport services within their area or with organisations appearing to the Authority to be representative of such persons;
- and where the passenger transport area is in England and Wales the Authority shall also consult with the councils of the districts comprised in that area about the requirements of transport arising out of or in connection with the exercise and performance by those councils of their functions as local education authorities or of their social services functions.
- (2) As soon as practicable after any occasion when they formulate new or altered policies for those purposes, the Authority concerned shall publish a statement of all policies so formulated by them on that or any previous occasion which for the time being apply in relation to the performance by the Executive for their area of their duty to secure services under section 9A(3).
- (3) When the Authority publish such a statement, they shall send a copy of the statement—
- (a) to each Authority or council whom they were required to consult under subsection (1)(b) above; and

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- (b) to each of the persons or (as the case may be) organisations whom they consulted under subsection (1)(b) above;
in relation to the formulation of their policies on the occasion in question.
- (4) The Authority shall also—
- (a) cause a copy of the statement last published by them under subsection (2) above to be made available for inspection (at all reasonable hours) at such places as they think fit; and
- (b) give notice, by such means as they think expedient for bringing it to the attention of the public, as to the places at which a copy of that statement may be inspected.”
- (3) Section 20 of the 1968 Act (which imposes a special duty on the Executive for any passenger transport area to which that section is applied by an order made by the Secretary of State under subsection (1) of that section to secure by agreement with the Railways Board the provision of such railway passenger services as the Authority decide to be necessary to ensure a proper contribution towards the provision of a properly integrated and efficient system of public passenger transport to meet the needs of their area) shall apply in relation to the Executive for every passenger transport area; and subsection (1) of that section shall accordingly cease to have effect.
- (4) Without prejudice to section 17(2)(b) of the Interpretation Act 1978 (preservation of subordinate legislation) any order under section 9(1) of the 1968 Act or under section 202(4) of the 1972 Act (orders establishing Passenger Transport Executives) which applies in relation to a Passenger Transport Executive immediately before this section comes into force shall have effect, so far as it makes with respect to that Executive any such provision as is mentioned in section 9(3) (as substituted by subsection (1) above), as if made under that provision (as so substituted).
- (5) Section 9A(8) of the 1968 Act shall not apply in relation to any person appointed before this section comes into force as a member, officer or servant of the Passenger Transport Executive for any passenger transport area.
- (6) Schedule 3 to this Act shall have effect for the purpose of making amendments consequential on the provisions of this section in the 1968 Act and in the other enactments there mentioned.

58 Local government reorganisation: transport functions

- (1) The following provisions of this section, with the exception of subsection (5), shall have effect from the abolition date within the meaning of the Local Government Act 1985 (that is to say, 1st April 1986).
- (2) In section 9 of the 1968 Act (as amended by section 57(1) of this Act)—
- (a) in subsection (1)—
- (i) at the beginning there shall be inserted the words " Subject to any order under section 42(1)(c) of the Local Government Act 1985 (alteration or abolition of passenger transport areas, etc.) "; and
- (ii) in paragraph (b)(i), for the word "council" there shall be substituted the words " passenger transport authority for the county which is coterminous with or includes that passenger transport area ";
- (b) in subsection (4), after the word " the " (where it last occurs) there shall be inserted the words " county which is coterminous with or includes that "; and

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- (c) in subsection (5), as it applies in England and Wales, after the words " comprised in " there shall be inserted the words " a county which is coterminous with or includes ".
- (3) In section 9B(1) of that Act, after the words " comprised in " there shall be inserted the words " the county which is coterminous with or includes ".
- (4) In the Local Government Act 1985—
 - (a) paragraphs 1, 2 and 4 of Schedule 12 shall be omitted;
 - (b) in section 39(2) (operative dates for Schedule 12), for the words "paragraphs 1 to 4" there shall be substituted the words " paragraph 3 "; and
 - (c) in section 42(1)(c) (reorganisation of functions with respect to passenger transport), after the words " section 39 above " there shall be inserted the words " or section 58 of the Transport Act 1985 ".
- (5) Provisions of that Act referring generally to that Act, or to any provision made by or under that Act, shall have effect as if subsections (1) to (3) above were contained in that Act.

59 Transfer of bus undertakings of Executives to companies owned by Authorities

- (1) Before such date as the Secretary of State may specify in the case of any Passenger Transport Executive in a direction given to that Executive, the Executive shall form a company for the purpose of carrying on—
 - (a) activities of any description carried on by the Executive in or for the purposes of the provision of any service for the carriage of passengers by road currently provided by the Executive in exercise of any of their powers under section 10(1) of the 1968 Act; and
 - (b) any activities which appear to the Executive to be incidental to or connected with any activities within paragraph (a) above or to be capable of being conveniently carried on in association with any such activities.
- (2) The company shall be a company limited by shares registered under the Companies Act 1985.
- (3) Where the Executive for any passenger transport area have formed a company in pursuance of this section, the Executive shall, before such date as the Secretary of State may specify in a direction given to the Executive, submit to the Secretary of State a scheme providing for the transfer to the company of any property, rights or liabilities of the Executive, or of any wholly-owned subsidiary of theirs, which it appears to the Executive to be appropriate to transfer to that company.
- (4) In preparing a scheme in pursuance of subsection (3) above, the Executive in question shall take into account any advice given by the Secretary of State as to the provisions he regards as appropriate for inclusion in the scheme (and in particular, but without prejudice to the generality of that, as to the description of property, rights and liabilities it is in his view appropriate to transfer to the company).
- (5) A scheme under subsection (3) above shall not come into force until it has been approved by the Secretary of State or until such date as the Secretary of State may, in giving his approval, specify; and the Secretary of State may approve a scheme either without modifications or with such modifications as, after consultation with the Executive and with the Passenger Transport Authority for the area in question, he thinks fit.

- (6) If the Secretary of State is not satisfied that a scheme submitted under subsection (3) above accords with any such advice given by him as is mentioned in subsection (4) above, or would do so with appropriate modifications, he may, after consultation with the Executive and with the Passenger Transport Authority for the area in question, instead of approving the scheme substitute for it a scheme of his own, to come into force on such date as may be specified in the scheme.
- (7) On the coming into force of a scheme under this section the property, rights and liabilities affected by the scheme shall, subject to section 129 of this Act, be transferred and vest in accordance with the scheme.
- (8) Following the transfer to the company under subsection (7) above of the property, rights and liabilities affected by the scheme, the Executive shall, before such date as the Secretary of State may specify in a direction given to the Executive, transfer all shares in or other securities of the company to the Passenger Transport Authority for their area.
- (9) Where—
 - (a) the property, rights and liabilities transferred under subsection (7) above include the whole of the undertaking of any wholly-owned subsidiary of the Executive ; and
 - (b) it appears to the Executive that no further action is required on the part of that subsidiary to perfect any transfer under that subsection ;the Executive shall secure that that subsidiary is wound up.
- (10) Without prejudice to any other restriction on their powers, a Passenger Transport Executive may not dispose of any shares in or other securities of a company formed by that Executive in pursuance of this section otherwise than in accordance with subsection (8) above.

60 Exclusion of public sector co-operation requirements and bus operating powers

- (1) This section applies where in the case of any passenger transport area a company (referred to below in this Part of this Act, in relation to that area, as " the initial company ") has been formed by the Passenger Transport Executive for that area (" the Executive ") in pursuance of section 59 of this Act.
- (2) At any time after the Secretary of State has given to the Executive a direction under subsection (3) of that section the Secretary of State may by order provide that the Executive shall cease, on a day specified in the order, to be under the duty imposed by section 24(2) of the 1968 Act (duty to co-operate with the National Bus Company and the Scottish Transport Group and to enter into agreements for that purpose).
- (3) Where an order is made under subsection (2) above, any duty of the National Bus Company and the Scottish Transport Group under section 24(2) of the 1968 Act to cooperate with the Executive (or with each other) shall cease on the day specified in the order to apply in relation to the Executive's area.
- (4) Any order under subsection (2) above may include provision for the termination of any agreements made under section 24(2) to which the Executive are a party, on such terms and such dates as may be specified in relation to those agreements in the order (and different terms and dates may be so specified in relation to different agreements).

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- (5) At any time after the transfer required under section 59(8) of shares in or other securities of the initial company to the Passenger Transport Authority for the Executive's area has taken place the Secretary of State may by order provide that the Executive shall cease, on a day specified in the order, to have the powers under section 10(1)(i) and (viii) of the 1968 Act (powers to carry passengers by road and to let passenger vehicles on hire with or without trailers for the carriage of goods).
- (6) Where an order is made under subsection (5) above in relation to the Executive, section 16(2) of the 1968 Act (which relates to the provision of special information in the annual report of Authorities and Executives as to certain businesses of providing services for the carriage of passengers by road) shall cease to apply in relation to any accounting period of the Executive beginning on or after the day specified in the order.
- (7) The Secretary of State may by order provide for the repeal of—
 - (a) section 24(2) of the 1968 Act; and
 - (b) section 10(1)(i) and (viii) of that Act;
 on the date on which, by virtue of the cumulative effect of orders made under this section, there ceases to be any Passenger Transport Executive in Great Britain who are under the duty imposed by section 24(2) or have the powers under section 10(1)(i) and (viii).
- (8) Any order made under subsection (7) above may contain such supplementary, incidental and consequential provisions (including provisions modifying any enactment contained in this or any other Act) as may appear to the Secretary of State to be necessary or expedient in consequence of any repeals made by the order.

61 Division of undertakings of companies formed under section 59

- (1) Where in the case of any passenger transport area the transfer required under section 59(8) of this Act of shares in or other securities of the initial company to the Passenger Transport Authority for that area has taken place, the Secretary of State may by a direction given to that Authority require the Authority to submit to him in accordance with the following provisions of this section written proposals for the division of the undertaking of the initial company among two or more companies to be formed in pursuance of the proposals.
- (2) Where the initial company has any wholly-owned subsidiaries, the proposals may, instead of or (as the case may be) in addition to providing for the transfer to any one or more of those companies of the shares in or other securities of any such subsidiary comprised in the initial company's undertaking, provide for—
 - (a) the division among those companies ; or
 - (b) the transfer to any one of them ;
 of the whole or any part of the undertaking, or of any property, rights or liabilities, of that subsidiary.
- (3) The proposals shall be submitted to the Secretary of State before the end of such period as may be specified in the direction.
- (4) The proposals shall—
 - (a) provide for each company to be formed in pursuance of the proposals (referred to below in this section as a transferee company) to be a company limited by shares and registered under the Companies Act 1985 ;

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- (b) broadly describe the manner in which the undertaking of the initial company, and the whole or any part of the undertaking of any wholly-owned subsidiary of the initial company to which the proposals relate, is to be divided among the transferee companies or (as the case may be) transferred in accordance with the proposals to any one of those companies ; and
 - (c) provide for the winding up of the initial company, and of any wholly-owned subsidiary of the initial company the whole of whose undertaking is to be transferred in accordance with the proposals to any one or more of the transferee companies, on completion of the transfer of that company's or (as the case may be) of that subsidiary's undertaking.
- (5) In preparing their proposals the Authority shall take into account any advice given by the Secretary of State as to the provisions he regards as appropriate for inclusion in the proposals (and in particular, but without prejudice to the generality of that, as to the description of property, rights and liabilities of the initial company and of any wholly-owned subsidiary of the initial company it is in his view appropriate to transfer to each of the transferee Companies).
- (6) The Secretary of State may approve the proposals either without modifications or with such modifications as, after consultation with the Authority, he thinks fit.
- (7) If the Secretary of State is not satisfied that the proposals accord with any such advice given by him as is mentioned in subsection (5) above, or would do so with appropriate modifications, he may, after consultation with the Authority, instead of approving the proposals substitute for them a plan of his own.
- (8) When the Secretary of State has approved the proposals or substituted for them a plan of his own, the Authority shall form each transferee company in accordance with the proposals as approved by the Secretary of State or (as the case may be) in accordance with the Secretary of State's plan, and secure the registration of that company under the Companies Act 1985, before such date as the Secretary of State may specify in relation to that company in giving his approval to the proposals or (as the case may be) in that plan.
- (9) When all the transferee companies have been formed in accordance with the proposals as so approved or (as the case may be) in accordance with the Secretary of State's plan, the Authority shall, before such date as the Secretary of State may specify in a direction given to the Authority, submit to the Secretary of State a scheme providing for the transfer to each transferee company of any property, rights and liabilities—
 - (a) of the initial company ; and
 - (b) of any wholly-owned subsidiary of the initial company;which are to be transferred in accordance with those proposals or (as the case may be) in accordance with that plan to that transferee company.
- (10) A scheme under subsection (9) above shall not come into force until it has been approved by the Secretary of State or until such date as the Secretary of State may, in giving his approval, specify; and the Secretary of State may approve a scheme either without modifications or with such modifications as, after consultation with the Authority, he thinks fit.
- (11) On the coming into force of a scheme under subsection (9) above the property, rights and liabilities affected by the scheme shall, subject to section 129 of this Act, be transferred and Vest in accordance with the scheme.

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- (12) When it appears to the Authority that no further action is required on the part of the initial company to perfect any transfer effected by the scheme, the Authority shall secure that the initial company is wound up in accordance with the proposals as approved by the Secretary of State or (as the case may be) in accordance with the Secretary of State's plan.
- (13) Subsection (12) above shall apply in relation to any subsidiary of the initial company the whole of whose undertaking is transferred under the scheme to one or more of the transferee companies as it applies in relation to the initial company.

62 Protection of employee benefits on transfer and division of bus undertakings

- (1) In this section, as it applies in relation to the Passenger Transport Executive or (as the case may be) in relation to the Passenger Transport Authority for any passenger transport area—
- " the first transfer " means the transfer under section 59(7) of this Act to the initial company of property, rights and liabilities of the Executive for that area ; and
- " the second transfer" means the transfer under section 61(11) of this Act to companies formed under that section of property, rights and liabilities of the initial company;
- and " the first transfer date " and " the second transfer date " mean respectively the date on which the first transfer and the date on which the second transfer takes effect.
- (2) The Passenger Transport Executive for any passenger transport area shall have power to make, in such manner as they think fit, such provision as appears to them to be appropriate in connection with either the first or the second transfer for the maintenance to any extent of any concession, benefit Or privilege of a description enjoyed immediately before the first transfer date by—
- (a) persons who then were or had been employed in such part of the Executive's undertaking, or of the undertaking of any wholly-owned subsidiary of the Executive, as was transferred on that date to the initial company; or
 - (b) members of the families of any such persons.
- (3) Subject to subsection (4) below, the Passenger Transport Authority for any passenger transport area shall have power to make, in such manner as they think fit, such provision as appears to them to be appropriate in connection with the second transfer for the maintenance to any extent of any concession, benefit or privilege of a description enjoyed immediately before the second transfer date by—
- (a) persons who then were or had been employed in any undertaking or part of an undertaking transferred on that date to a company formed under section 61 of this Act; or
 - (b) members of the families of any such persons.
- (4) Subsection (3) above shall not apply to any concession, benefit or privilege of a description to which subsection (2) above applies.
- (5) Where provision for the maintenance of a concession, benefit or privilege of any description may be made under subsection (2) or (3) above provision may instead be made, in any cases or classes of case to which that subsection applies, for the making of any payment or the provision of any other concession, benefit or privilege

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in compensation for the loss or (as the case may be) for any reduction or limitation of concessions, benefits or privileges of that description.