

ENVIRONMENT, PLANNING AND TRANSPORT COMMITTEE

Date: Wednesday 19 June 2002
Time: 2.00 to 5.15 pm
Venue: Committee Room 2, National Assembly Building

POLICY REVIEW OF PUBLIC TRANSPORT:

REPORT BY MINISTER FOR ENVIRONMENT

Purpose

1.1 Richard Edwards presented the Committee's report to Plenary on 11 December and I agreed to report back to the Committee, particularly on organisational issues, after further consideration. I shall take account of members' views on the proposals set out below in my statement to Plenary on 2 July.

Summary

2.1 The Committee's report is in two parts; the Consultation document published in July 2001. The final report was published in December 2001. The **recommendations** are summarised at **Annex 1**.

<http://www.wales.gov.uk/keypubassemplantrans/content/eptransport-e.htm>

2.2 The Committee agreed that recommendations in support of improvements in the quality of public transport should be approved and discussions are underway to introduce a quality Kitemark linked to a BSI standard for public transport and local authority consortia have completed draft bus strategies which will be finalised by April 2003. These will include community transport and rail to form regional public transport strategies, as recommended by the Committee when they are finalised in April 2003. The challenge is a major one. Bus journeys fell by near 30% in Wales between 1990-2000 and our proposals are in line with the recommendations of the Cabinet Office's Social Exclusion report which emphasises the need to improve the historic levels of under investment in public transport. The development of effective partnerships between the Assembly Government, local authorities, operators and passengers' representatives is essential and the introduction of free travel for pensioners and

people with disabilities is evidence of what can be achieved through partnership.

Organisational Issues

3.1 The main issue which I agreed with the Committee I would investigate, is the potential for a Passenger Transport Authority in Wales (PTA), either covering the whole of Wales or part of it. PTAs, working through their Passenger Transport Executives (PTEs), are able to procure non-commercial bus services and are co-signatories with the SRA for local rail services, but they do not have highway or traffic management responsibilities. In metropolitan areas in England and Scotland they have representation from constituent local authorities. When they were first established under the Transport Act 1968, they had wider powers including operation of bus services, but since de-regulation in 1985 their role has been to develop services largely provided commercially and provide bus infrastructure. They deal with concessionary fares and subsidies for unremunerative services. The Transport Act 2000 gave them the responsibility to produce local transport plans for their areas. The lack of highway and traffic management responsibilities and potential for differences of view between member authorities are often quoted as weaknesses. Nevertheless where they exist they have provided a focus for public transport improvements.

3.2 The case for a PTA/PTE for Wales based on the above model is not strong since the model is designed for a large urban area with a comprehensive and, to a certain extent, self contained bus and rail network. An all Wales PTA/PTE would not meet this criteria. It would also duplicate to an extent the Assembly Government's own role in setting the strategic approach but would be too remote to deal effectively with local issues. A model designed specifically for Wales would have to be created with major disruption to existing local authority arrangements. A regional organisation would have to be put in place together with headquarters staff with significant additional expenditure.

3.3 A case could be made for establishing a PTA/PTE for the area covered by the ten authorities in South East Wales from Bridgend eastwards, where the largely self contained Valley Lines together with significant bus undertakings provide similar characteristics to existing PTA/PTEs. The area has a population of 1.4 million and is marginally larger than South Yorkshire PTA/PTE which shares many of the characteristics of South East Wales. People travel to work increasingly from valley communities to Cardiff and Newport. The greatest problems of traffic congestion are faced in this area and there is a potential for public transport to bring about significant change in travel patterns. Primary legislation should be obtained to give the Assembly powers to introduce a PTA/PTE, as an option, especially in South East Wales.

3.4 An alternative approach to delivering integration is through local Authority consortia which recognise the need to develop improved public transport more effectively while retaining the direct links with traffic management and highway responsibilities. The Committee

recommended that the Assembly should support local authorities in strengthening the consortia in the short term.

3.5 I have met all consortia and there is a commitment from their members to improve their effectiveness. The most advanced development is within the South East Wales Transport Forum and, if fully developed, could deliver our policy objectives in the most effective way. The Forum currently considers all aspects of transport. There are two public transport consortia, SWIFT and TIGER and they will be reporting to a newly created South East Wales Transport Board. I hope that the two consortia amalgamate since clearly there are opportunities for more effective implementation through one organisation. The other consortia (TAITH for North Wales, SWITCH in South West Wales and the Mid Wales Partnership) have indicated support and have developed their thinking positively. However, account has to be taken of geographical differences and the varying degree of opportunity for developing public transport. Different solutions are appropriate in different areas.

3.6 More detail about the **strengths and weaknesses of PTA/PTEs** are included in **Annex 2**.

3.7 The WLGA are resolutely against not only an all Wales PTA but also one for South East Wales even though its membership would be drawn from local authorities. In my discussions with the consortia it was evident that increased capacity to take forward key developments including improved marketing of services was essential. There is the opportunity under existing legislation for one authority to take the lead within a consortia which would make accountability easier to demonstrate and bring about coherence in implementing programmes. Also it is open to authorities to take this a step further and create one authority to focus on public transport. In essence achieving the outcomes set out in the Committee's report can only be brought about by strengthened local authority capacity to deliver. This is being addressed in discussions between us and local authorities in the context of forthcoming budget round. However, I would not wish to abandon the possibility of legislation for organisational change and local authorities need to demonstrate they can deliver.

Partnership between Welsh Assembly Government and Local Authorities

4.1 The Committee's consultation document (pages 30-31) included an option to build on existing arrangements with strengthened consortia agreeing to deliver agreed programmes based on the regional public transport strategies and local transport plans. This would have the advantage of developing arrangements designed specifically for Wales as an alternative to a national PTA. I propose to discuss this further with the WLGA and involve operators and passenger representatives.

4.2 Currently the Assembly Government has powers to fund developments but it is necessary to enhance its transport functions following devolution so that it can undertake its responsibilities effectively in respect of public transport. This could be done by obtaining

additional powers on the lines of Greater London Act 1999 whereby the Mayor and Authority can develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities. We will also be exploring what can be done within the existing powers available under the Transport Act 2000 to enable quality bus contracts to be introduced more easily where appropriate.

4.3 Funding is critically important and increasing amounts are being made available to local authorities. However, spending on transport from their own resources is relatively low in their order of priorities and there is concern within local authorities, for example, about their capacity to fund the revenue consequences of capital projects. We will be addressing these issues in taking forward the strengthening of consortia.

Strategic Rail Authority (SRA)

5.1 The Committee recommended that we obtain powers of direction over the SRA. Given that the outcome of the bidding process for the Wales and Borders franchise will not be known until the spring of next year and the fact that Railtrack has yet to emerge from administration it is not the most opportune moment to press

for legislation. However, I propose that we should aim to achieve greater responsibility for rail and I will be pursuing this. Finally, I shall seek the right for the Assembly to nominate a member of the SRA and representation for Wales on the successor body to Railtrack as legislative opportunities arise. Further detail is set out in **Annex 3**.

Traffic Commissioner

6.1 The Commissioner is responsible to the DTLR as part of an integrated Great Britain wide system. Much of his work is related to matters not devolved to the Assembly and he acts in a quasi-judicial capacity which is beyond the control of Government. The Commissioner has a key role in improving the bus services including quality bus partnerships. The current Commissioner is keen to work closely with the Assembly Government in taking forward our work on quality bus partnerships and the development of the Kitemark. Provided costs can be justified the location of an office for Wales would be desirable and I have made it clear that we would wish to see this happen.

Legislation

7.1 The Cabinet's proposals for primary legislation published in March 2002 included a Passenger Transport Bill which would give effect to the proposals outlined above.

Recommendations

8.1 I recommend that:

- i. a PTA for the whole of Wales on the lines of the existing model is not pursued;
- ii. as an alternative strengthened local government consortia should work in partnership with the Assembly Government, operators and passenger representatives to ensure that an all Wales focus on public transport can be established with agreed implementation targets;
- iii. given that the Assembly Government has powers to fund developments it is necessary to enhance its transport functions following devolution so that it can undertake its responsibilities effectively in respect of public transport. This could be done by obtaining additional powers for the Assembly on the lines of the Greater London Act 1999 whereby the Mayor and Authority can develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities. Primary legislation should also be obtained to give the Assembly powers to introduce a PTA/PTE, as an option, especially in South East Wales;
- iv. improved links should be developed with the Traffic Commissioner including the establishment of an office for Wales in Cardiff if the costs can be justified.

Compliance and Financial Implications and Assembly Procedures

9.1 Legislative and financial implications will be considered as individual elements are developed.

Action for Committee

10.1 The Committee are invited to comment on the proposals in paragraph 8.1.

Contact Point

Denzil Jones, Transport Policy Division, Ext 6322.

SUMMARY OF RECOMMENDATIONS

- **Recommendations from our consultation report**

Recommendation 1: that a **quality kite mark** be developed as part of the work being undertaken on quality partnerships and contracts, initially covering bus services, and extended to include community transport, rail, and other modes.

Recommendation 2: that the National Assembly, local authorities and transport operators should **address historic levels of under investment in public transport**.

Recommendation 3: that the National Assembly and local authorities working together with operators, passengers and other stakeholders take forward the following priorities, as funding allows:

- extend the **concessionary fare scheme** to include community transport, and taxis on a limited basis, and consider the opportunity to support travel by young people;
- pilot "all mode" **information centres** across Wales;
- feasibility studies for **second generation** public transport, such as light rail schemes;
- establish an overarching **all Wales passenger group** to cover all modes of public transport;
- develop **interchanges** between modes of public transport;
- develop **park and ride** facilities;
- set up a **school transport demonstration project** to consider long term procurement for bespoke school buses;
- develop **community transport** as part of the mainstream of provision;
- improve **long distance coach** provision within Wales.

Recommendation 4: that local authorities prepare **regional public transport strategies** by April 2003 reflecting bus strategies (which are a statutory requirement) and including developments on rail and community transport. These should be prepared on a regional basis to reflect travel patterns insofar as possible.

Recommendation 5: that **regional transport strategies should guide decisions on funding** made by the National Assembly and such investment should be targeted alongside local authorities' own investment to achieve maximum effect. Additional expenditure on transport would be justified only on this basis and where results can be monitored and evaluated.

Recommendation 6: that each consortium agrees with partners, including the National Assembly, **how objectives in the regional public transport strategies will be delivered**, taking into account linkages with Local Transport Plans (including cross-border travel patterns) and the availability of funding.

Recommendation 7: that local authorities consider how they would establish more **robust regional consortia** building on existing arrangements so that the National Assembly's vision and regional public transport strategies can be implemented, taking account of local needs and the availability of resources.

Recommendation 8: that as part of this consideration local authorities and the National Assembly Cabinet should consider how individual authorities under relevant legislation, e.g. Best Value, would be affected and whether there is the possibility of **using existing legislation to place consortia on a statutory basis**.

Recommendation 9: that the National Assembly Cabinet considers with local authorities how **the National Assembly should be represented on each consortium** and agree the remit of its representatives.

Recommendation 10: that the **consortia raise their profile** amongst passengers by developing their own "branding" linked to quality services.

Recommendation 11: that the National Assembly and local authorities **agree an evaluation framework for measuring the benefits of targeted public transport investment** at national, regional and local levels, focused on delivering improvements and avoiding future mistakes.

Recommendation 12: that evaluation results of public transport policies, programmes and individual schemes across Wales be collected as **a body of evidence of 'what works in Wales'** over time, providing a base for future policy development.

Recommendation 13: that **passengers be involved in drawing up the evaluation framework**, and involved early on in evaluating individual public transport schemes.

Recommendation 14: that **all those involved in planning and implementing public**

transport policy in Wales should learn about what does and doesn't work elsewhere, and consider how we can learn from this in developing more effective public transport services in Wales.

- **New recommendations**

Recommendation 15: that the National Assembly **support local authorities in strengthening the consortia** in the short term (recommendations 6 to 10).

Recommendation 16: that the National Assembly **seek enabling primary legislative powers** for organisational change.

Recommendation 17: that the Minister for Environment **work up proposals for the PTA options**, report progress to the Committee, and report to plenary on the preferred option within 6 months.

Recommendation 18: that the Minister for Environment **seek the power for the National Assembly to direct the SRA**, along the lines of the Scottish model, report progress to the Committee, and report to plenary within 6 months.

Recommendation 19: that as part of the work on PTA options the Minister for Environment **seek a delegation to the National Assembly of management responsibility for the Valley Lines**, which would require a statutory consortium or PTA to implement.

Recommendation 20: that the Minister for Environment **seek the right for the National Assembly to nominate a member of the SRA and seek representation for Wales on any successor body to Railtrack**, report progress to the Committee, and report to plenary within 6 months.

Recommendation 21: that the **Traffic Commissioner establish an office in Wales**, and that the Minister for Environment and Traffic Commissioner discuss ways of **making the Traffic Commissioner for Wales accountable to the National Assembly**.

Recommendation 22: that **significant investment be secured** by the National Assembly, from its own resources, those of the UK Government and its agencies, together with the private sector, **to deliver a sustainable public transport system in Wales**.

POWERS AND FUNCTIONS OF EXISTING PTA/PTEs

1.1 The main powers and duties of existing PTA/PTEs are set out below:

- i. to operate any form of public transport (including ferries) **except buses**;
- ii. to promote Private Bills in Parliament (now Transport and Works Act Orders) and to object to applications for Bills or Orders made by others. This has been used to introduce new systems like Metrolink in Greater Manchester;
- iii. to secure public transport services (under contracts let after competitive tendering) that are considered necessary to meet the public transport requirements of their areas;
- iv. to specify the rail services that it requires the SRA to procure in rail franchises that cover their area;
- v. to provide and operate facilities for public transport passengers. This is wide ranging and includes bus stations, interchanges, bus stops, shelters, car parks etc. It can extend to things like refreshment facilities, toilets etc;
- vi. to administer the national concessionary fares scheme at local level, including the reimbursement of operators;
- vii. to provide concessionary fares, in addition to the national scheme, to those eligible under the Transport Acts, including the reimbursement of operators;
- viii. to introduce Statutory Quality Partnership Schemes for bus services;
- ix. to produce and update a Local Transport Plan under the Transport Act 2000;
- x. to apply to the Secretary of State to introduce Quality Contracts for the provision of bus services in all or part of their area;

- xi. to specify the information on bus services that must be provided and to make arrangements with operators for the provision of the information;
- xii. to specify a ticketing scheme setting out the range of inter operator tickets that bus operators must provide;
- xiii. to produce a bus strategy for the area. (This is an integral part of the LTP);
- xiv. to promote the availability of public transport in the area;
- xv. to have special regard for the elderly and disabled;
- xvi. to acquire land and property;
- xvii. to borrow money and enter into leasing arrangements;
- xviii. to purchase rolling stock (except buses which can be purchased but not leased, for hire or reward to operators).

2.1 The **advantages** of a PTA/PTE are:

- i. **They cover an area that is meaningful in transport terms**, having been originally set up on the basis of Travel to Work Areas. Such an area is always likely to be larger than that covered by a local authority which is responsible for a wide range of essentially local services like education, social services etc. Whilst there is no such thing as a fully self-contained transport area, there are relatively few cross-boundary issues in the PTA/PTE areas. At the same time, they do not cover an area large enough to make them remote;
- ii. **They are single purpose organisations.** This means that they have to focus entirely on public transport and resources cannot be diverted into other areas of activity. Specialist resources can be attracted to work for the PTE – for example transport economists, modellers, environmental planners etc, who would be unlikely to find full time employment within a local authority on transport;

iii. **They have a multi-modal remit** and, within the constraints of national legislation are best placed to deliver an integrated public transport network for their areas;

iv. **They have considerable economies of scale** in delivering their services. Examples include bus service tendering, administration of concessionary fares schemes etc. If bus services and concessionary fares were administered by the Districts, they would be different organisations dealing with these services and many cross-boundary services to provide which would need the agreement of two or more Districts;

v. **They can deliver services to the public on a regional basis** – for example concessionary fares, subsidised buses and rail services;

vi. **As separate statutory bodies, they have a formal role in the rail franchising process** and are better placed than local authorities to ensure that the requirements of their areas for rail services are included in the franchises and delivered by the operators;

vii. **They have proved to be flexible organisations** that have adapted to different roles - ranging from direct provision of services to procurement in a deregulated market. This has provided continuity and helped the transition from one policy to another.

3.1 The main **disadvantages** of a PTA/PTE are:

i. **They have no traffic management powers.** Thus they are dependent on the District Councils making Traffic Regulation Orders for bus priority measures. This effectively makes bus priority – a key element in national transport policies – a local issue and leads potentially to a patchwork of provision, different times in different Districts, different policies on use by taxis, enforcement, road markings etc. Other elements in integrated transport including walking and cycling are taken forward by Districts;

ii. **They are funded by a levy on the Districts.** Furthermore, the Revenue Support Grant that goes to the Districts for public

transport is not transparent. Originally the PTA was a precepting body but lost this when the Community Charge was introduced. Under the levy system, the PTA expenditure counts as part of the District expenditure. It, therefore, has to compete with other expenditures and there is a tendency amongst the Districts to set the increase in the levy at the lowest amount any individual District can afford;

iii. **They have no formal role in the planning process.** As a result, they can only comment on development proposals that could have an adverse effect on the public transport network;

Replicating the Model in a national PTA for Wales

4.1 Advantages

i. it would be a focus for public transport on a consistent basis across Wales in implementing the powers described in paragraph 1.1 above;

ii. it could administer concessionary fares and minimise cross boundary problems on reimbursement of bus operators;

iii. could be responsible for implementing rail responsibilities as a joint signatory for the Wales and Borders franchise.

5.1 Disadvantages

i. existing PTA/PTEs have a relationship with travel to work areas which would not apply and the concept was never intended to be implemented in this way;

ii. it would be remote and would not be effective in delivering local bus services;

iii. the preparation of a single local transport plan would be inappropriate, there would be a major upheaval in local authority responsibilities especially the link with highway and traffic management policies and also walking and cycling;

iv. it would be impractical probably to levy 22 local authorities and direct funding from the Assembly Government could be

necessary thereby effectively creating a new quango;

v. it would need a regional structure similar to the consortia;

vi. it would lead to additional expenditure which would not be covered by existing local authority spending especially on headquarters and regional staff to service a new body (ie not delivering services);

vii. it would cut across the Assembly Government's transport responsibilities including duplicating its role in developing a strategic approach as set out in the Transport Framework. If powers of direction over the SRA were obtained for the Assembly the PTA would also have a role thereby leading to duplication.

Building on existing arrangements

6.1 Strengthen existing consortia.

i. each consortia is different and can be strengthened in different ways appropriate to its area. The elements set out in paragraph 1.1 could be tested in each area to determine what needs to be done;

ii. the total transport demands of the consortia area including local authority roads and also trunks roads could be reflected while retaining a strong focus on public transport;

iii. Funding is critical. The Assembly Government published Freedom and Responsibility in March 2002 and reaffirms the position on unhypothecated revenue funding of local authorities. A partnership approach between the Assembly Government and consortia is essential in ensuring that adequate funding is obtained over time. Discussions are currently underway with local authority consortia about how this can be taken forward;

iv. primary legislation should be obtained to give the Assembly powers to introduce a PTA/PTE, as an option, especially in South East Wales.

7.2 National Dimension

- i. The Assembly Government has already published its Transport Framework and is developing its role through partnership with local government, operators and passengers representatives;
- ii. The Assembly should obtain powers set out in the Greater London Act 1999 to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities. Powers of direction over the SRA also should be sought;
- iii. further work needs to be done to develop national arrangements which would ensure a coherent approach with meaningful delivery targets for public transport.

ANNEX 3

SCOTTISH POWERS OF DIRECTION OVER SRA AND IMPLICATIONS FOR WALES

The situation in Scotland

1.1 The Scottish Executive (SE) pays a grant to the SRA and Strathclyde PTA for services provided under the ScotRail franchise, including the Scottish sleeper service and ScotRail's cross-border services, but the latter is subject to it not impacting adversely on the SRA's costs outside Scotland or the operation of passenger or freight services generally. This amounted to £171m in 2001-02 and is based on current level of funding provided by the SRA. The SE can also issue non-binding guidance in respect of other cross-border services (currently operated by GNER and Virgin).

1.2 Formal arrangements have yet to be agreed and they will take effect in 2004, when the SE become responsible for funding the rail journeys that start and end in Scotland. Subsequently any increased revenue spending will have to be considered as a commitment against the total budget available to the SE. When the SE invites bids for a new franchise which is programmed to be in place by 2004, they will not know how much the new franchise will cost. They will need to ensure that sufficient money transfers and there could be a problem if unforeseen problems make calls for additional funding.

1.3 The SE is able to spend money from its own budget to fund rail projects directly through its

existing powers. The Scottish Parliament are introducing legislation enabling promoters of new railway projects in Scotland to seek the powers to proceed through the Scottish Parliament, rather than through the Westminster parliament, as is currently the case.

1.4 The overall responsibility for developing the Great Britain rail network rests with the SRA. DTLR will remain responsible for paying the SRA to enable them to fund other railway improvements in Scotland, via such avenues as the Rail Passenger Partnership (RPP) scheme or by the SRA contracting directly with Railtrack for enhancements to the network.

The situation in Wales

2.1 The Secretary of State for the Transport, Local Government and the Regions is required under The Transport Act 2000 to consult the Assembly on the appointment of one member of the SRA board. The SRA is required by the Transport Act 2000 to consult the Assembly on the formulation of its strategies. Directions and Guidance to the SRA from the Secretary of State say that the SRA should take account of any policies of the Assembly in relation to the Assembly's responsibilities.

2.2 If the Scottish arrangements were adopted in Wales transfer of funds at the right level would be critically important otherwise there could be severe problems for the Assembly's budget. In addition the Wales and Borders franchise extends significantly into England but this should not lead to unsurmountable difficulties since the Secretary of State for Transport, Local Government and the Regions retains responsibility for rail across Great Britain.

2.3 Valley Lines are a self contained unit and this will be continued within the new franchise arrangements. Delegation of responsibility for day to day management to a statutory local authority consortia based on SWIFT/TIGER is one option which could be pursued. Similar arrangements have been put in place for Merseytravel PTA/PTE to take over responsibility for Merseyrail.

2.4 DTLR have made it clear that they regard the Scottish powers of direction over the SRA and the delegations given to Merseytravel as exceptional. These are issues which can be addressed when the Wales and Borders franchise bidding process has been completed and when the future of Railtrack is clearer.