

North Tyneside Council

Report to Cabinet

Date: 14 October 2013

ITEM 6(d)
Title: Consultation on a
Quality Contracts Scheme
for Buses in Tyne and
Wear

Portfolio(s): Economic Development

Cabinet Member(s): Cllr F Lott

Report from Directorate: Chief Executive's Office

Report Author: Paul Buie, Head of Business and Economic Development (Tel: 643 6091)

Wards affected: All

PART 1

1.1 Purpose

A Cabinet decision is sought as to whether the Authority should respond to the consultation 'Statutory Consultation re proposed Tyne and Wear Quality Contracts Scheme pursuant to the Transport Act 2000 (as amended)' ("the QCS consultation"), which is being undertaken by Nexus on behalf of Tyne and Wear Integrated Transport Authority (ITA).

1.2 Recommendation

It is recommended that Cabinet:

- (1) Note the contents of the report;
- (2) Decide whether a response to the consultation should be submitted by the Authority; and
- (3) If Cabinet decides that a response to the consultation should be submitted, authorise the Head of Business and Economic Development and the Head of Environment and Leisure, in consultation with the Cabinet Member for Economic Development, to prepare and submit a response from the Authority to the consultation.

1.3 Forward plan

Notice of this report has appeared on the Forward Plan since the edition that was published on 11 September 2013.

1.4 Council plan, policy framework

The proposals in this report are related to the following objective in section 1 C of 'Our North Tyneside', the Council Plan for 2014-2018: "We will improve accessibility in the borough and support accessibility by walking and cycling."

1.5 Information

1.5.1 Background

Buses in England, except in London, operate in a deregulated framework under which each bus operator chooses the routes, timetables and fares of its own commercial bus services and issues its own tickets, while the local transport authority may provide supported bus services (e.g. at times when no commercial bus service would be provided) and additional types of fare such as concessionary travel.

Under the Transport Act 2000 (as amended), a local transport authority may seek to introduce a Quality Contracts Scheme (QCS) for buses in any part of its area through a specified process. Were a QCS to be introduced, all bus services included in the QCS would have their routes, timetables and fares set by the local transport authority, which would tender for external companies to operate the services. A detailed process would have to be followed before any QCS could be introduced. To date, no QCS has been introduced anywhere in England.

1.5.2 Process in Tyne and Wear

In November 2011, Tyne and Wear Integrated Transport Authority (ITA), which is the local transport authority for Tyne and Wear, instructed Nexus to prepare a draft Quality Contracts Scheme, while also holding discussions with operators on the possibility of a Voluntary Partnership Agreement (VPA).

On 26 July 2013, having considered the QCS Proposal prepared by Nexus (which included an analysis of a draft VPA Proposal prepared by the North East Bus Operators' Association), the ITA agreed that at that stage the QCS Proposal developed by Nexus represented the most effective possible means of delivering the ITA's Bus Strategy as currently formulated. It instructed Nexus to carry out a formal statutory consultation exercise on the QCS Proposal ("the QCS consultation") pursuant to section 125 of the Transport Act 2000 (as amended), while agreeing that it would maintain a constructive dialogue with the bus operators and give due regard to any further proposals for a VPA.

1.5.3 Statutory consultation

Statutory consultees, which include bus operators and local authorities, were contacted by Nexus, with a copy of the formal Consultation Document.

The consultation process will end on 5 November 2013 (or a later date as Nexus may announce during the consultation process). Once statutory consultation is complete, the responses will be duly considered and revisions to the QCS Proposal potentially made. The ITA is then expected to take a decision, potentially at its meeting in January 2014, on whether to progress with the QCS.

1.5.4 Engagement – general

Any person may submit an individual response to the consultation. At the start of the consultation process, Nexus wrote to Members of each of the Tyne and Wear Authorities with details of the consultation process.

1.5.5 Engagement – Members’ briefings

The QCS consultation was an item at the regular Members’ briefings held on 2 and 3 September 2013. A Nexus representative delivered a presentation on the QCS consultation after which Members were invited to ask questions. Members were also invited to complete a form (copy at Appendix 1) if they had any views which they wished Cabinet to take into consideration: two completed forms, both of which were supportive in principle of a QCS, were received from Members (text of completed forms included as Appendix 2).

1.5.6 Engagement – Economic Prosperity and Housing Sub-Committee

The QCS consultation was considered by Economic Prosperity and Housing Sub-Committee at its meeting of 24 September 2013. The view of the Sub-Committee was as follows:

“The Sub-Committee invites Cabinet to support the introduction of a QCS and to support the ITA’s proposed approach should the ITA decide to progress with introducing a QCS. The Sub-Committee considered that the QCS presents substantial opportunities and that these appear to outweigh the associated risks.

“Some of the key benefits of the QCS amongst others are:

- i. the example of London, where bus services are regulated, and in many respects are of a high standard
- ii. greater opportunities for consultation with the travelling public in advance of changes being made to bus services
- iii. simpler and more easy-to-understand fares
- iv. a reduced-price season ticket for 16- to 18-year-olds
- v. regeneration benefits through the opportunities a more integrated public transport system could provide for accessibility to employment
- vi. potential for modal shift towards public transport leading to reduced carbon emissions
- vii. potential passenger benefits such as more fully-accessible buses and real-time passenger information.”

1.6 Decision options

Cabinet may:

1. Decide to submit a formal response to the consultation; provide an indication as to the desired content of the response; and approve the proposed course of action set out at 1.2 to allow the response to be submitted.
2. Decide not to submit a formal response to the consultation.

1.7 Reasons for recommended option

There is no recommended option. Cabinet is invited to note the contents of the report and identify an option for decision.

1.8 Appendices

Appendix 1 Form used at Member briefings of 2 and 3 September 2013

Appendix 2 Text of forms completed by Members at briefings of 2 and 3 September 2013

1.9 Contact officers

Colin MacDonald, Senior Client Manager, 0191 643 6620

Andrew Flynn, Client Manager - Integrated Transport, 0191 643 6083

John Cram, Project Engineer Transportation, 0191 643 6122

Alison Campbell, Financial Business Manager, 0191 643 7038

1.10 Background information

The Consultation Document and associated documentation are available online at:

www.nexus.org.uk/busstrategy

The full QCS Proposal and appendices are available online at:

www.nexus.org.uk/itadocuments

The ITA Bus Strategy for Tyne and Wear is available online at:

www.nexus.org.uk/what-is-nexus/ita-bus-strategy-2012

The reports considered by the ITA at its special meeting of 26 July 2013 are available online at:

www.twita.gov.uk/home

The minutes of the special meeting are available via the same link (as part of the papers for the ITA meeting of 26 September 2013).

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Should Cabinet decide that a response to the consultation should be submitted, the response would be prepared using existing officer resource and submitted to Nexus by email.

The current financial plan of the Council assumes a standstill position for the ITA levy over the next four years of £12.794m per annum. When calculating the affordability of the QCS Proposal, Nexus has assumed that its grant from the ITA, through the levy imposed on the constituent Local Authorities, will be frozen at existing levels, including the existing revenue cash contributions to the five districts, for the first four years of the QCS and will rise in line with RPI (the Retail Prices Index) for the remainder of the QCS. In the

alternative 'Do Minimum' approach, Nexus has assumed that the levy will remain frozen at existing levels, including the revenue cash contribution, until 2021/22 when it is assumed to rise. Each approach is therefore in line with the current assumptions of the Council's financial plan.

Should the ITA (or any successor authority, e.g. a Combined Authority) decide to progress a QCS, it is considered likely that a legal challenge may be brought (e.g. by a bus operator) which could prove to be time-consuming and expensive. It is possible that a proportion of these costs may fall on the Council: this amount is unknown at this stage but could potentially be substantial. If this does arise, the full financial implications will be reported to Cabinet at that time.

2.2 Legal

Under the Transport Act 2000 (as amended), a local transport authority may seek to introduce a Quality Contracts Scheme through a specified process. The ITA at its meeting of 26 July 2013 agreed that the QCS Proposal as drafted currently satisfied each of the statutory tests set out in section 124(1) of the Transport Act 2000 (as amended).

Nexus, on behalf of the ITA, sought a legal opinion from Counsel, James Pereira of Francis Taylor Buildings, to ensure the QCS Proposal contains those matters required for formal consultation in accordance with the Transport Act 2000 (as amended) and to ensure the QCS Proposal contains a lawful analysis of the public interest criteria and a lawful assessment of proportionality. The Instructions to Counsel and the written legal opinion in response are available online at www.nexus.org.uk/busstrategy/legaladvice

Cabinet will be aware that on 24 June 2013 Cabinet endorsed the governance review undertaken in relation to the creation of a Combined Authority and specifically to the finding that a Combined Authority would improve the exercise of transport functions and economic growth and development functions. That decision was endorsed by Council on 27 June 2013 and the process is currently underway in relation to the creation of a Combined Authority. If a Combined Authority is created, it will take over the functions previously undertaken by the ITA. On the creation of the Combined Authority, the ITA will be abolished and its functions, property, rights and liabilities transferred to the Combined Authority. Those functions including the introduction of Quality Contracts Schemes will become the responsibility of the Combined Authority. Should a decision be taken by the ITA in January 2014 to progress the QCS then the Combined Authority may continue to progress the matter in place of the ITA.

2.3 Consultation/community engagement

The Statutory Notice, which is required to 'advertise' the consultation process and raise public awareness, was placed in four local newspapers on 30 July 2013 and a copy sent to all statutory consultees. A copy of the Statutory Notice is available online at www.nexus.org.uk/busstrategy/statutorynotice

Reference copies of the QCS Proposal have been placed at Quadrant East reception and the Central Library in North Shields. Reference copies are also available at Nexus Travelshops, which also have a stock of the related brochures. Multiple copies of the Employee brochure have been sent by Nexus to the permanent officers of each of the main trade unions involved in the provision of bus services. At the start of the consultation process, Nexus wrote to Members of each of the Tyne and Wear Authorities with details of the consultation process. Any person may submit an individual response to the consultation directly to Nexus.

The internal process of seeking Members' views to inform Cabinet's decision is described in sections 1.5.5-1.5.6.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

There are no equalities and diversity implications directly arising from this report.

2.6 Risk management

The ITA will consider risk management as part of any future decision on whether to proceed any further with the development of a QCS.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Chief Executive
- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager
Policy, Partnerships,
Performance and Communication

Appendix 1 Form used at Member briefings of 2 and 3 September 2013
Statutory Consultation re proposed Tyne and Wear Quality Contracts Scheme

Nexus, on behalf of Tyne and Wear Integrated Transport Authority (ITA), is carrying out a statutory consultation on a proposed Quality Contracts Scheme for buses in Tyne and Wear.

A brochure giving an overview of the Quality Contracts Scheme proposal has previously been sent to all Members of the Council. The full consultation document can be found at www.nexus.org.uk/busstrategy and any person may submit an individual response.

As North Tyneside Council is a statutory consultee, it is expected that Cabinet will be asked to decide on 14 October whether to respond formally to the consultation.

If you have any views on the matter which you wish to be considered by Cabinet to inform a potential Council response, please complete the box below at the briefing session.

Name _____

Contact Officer:
John Cram, Project Engineer Transportation, Quadrant East 1L

(Tel. 0191 643 6122)

Appendix 2 Text of forms completed by Members at briefings of 2 and 3 September 2013

Cllr Sandra Graham

"I am in favour of the Quality Contracts Scheme and feel it is the best option for the transport needs of the area. We need certainty for the bus travelling public and a system of "fair fares" and transparency for users.

Profits must be ploughed back into the provision of services.

Vital to help 16-18 year olds with help with fares – those in education and training lose out massively. As well as a weekly travel card would be good to have a daily priced ticket for this group."

Cllr Cath Davis

"I fully support the Quality Contracts Scheme as I believe it will bring uniformity and regulation to our bus services. It also provides a sustainable bus service for the future for our residents and an integrated transport system for the public and those visiting the area."