



Buses: policy and administration

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This note outlines the overall policy approach of the present and previous governments towards bus policy in England. It includes separate information about competition in local bus markets, the role of the traffic commissioners and licensing. There are separate notes on bus funding and grants, concessionary fares and franchising.

The Coalition Government is committed to local delivery of bus services: to local authorities being able to deliver those services and infrastructure that they believe to be important, within the deregulated system. The government's bus policy green paper was published in March 2012 setting out its general approach. The previous Labour Government had legislated to give local authorities more control over bus services in their areas through the use of statutory partnership arrangements and a form of franchising called Quality Contracts. To date, both statutory and informal partnerships have proven popular, but franchising has not been introduced anywhere in England outside London.

In December 2011 the Competition Commission published the results of its two year investigation into the local bus market. This found some failings with the operation of the present system and made recommendations to the government for improvements. The government agreed to act on many of these recommendations in its green paper.

The licensing of bus operators and services is the responsibility of the regional traffic commissioners. They have additional powers regarding punctuality and performance, which they can enforce using fines and prohibitions.

Notes on other bus-related matters can be found on the [Buses Topical Page](#) of the Parliament website.

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1 Government policy

1.1 Coalition Government, 2010-

The Coalition Agreement of the Conservative-Liberal Democrat Coalition Government that came to power in May 2010 made one mention of bus services: “We will ... encourage joint working between bus operators and local authorities”.¹

There was some difference in emphasis in the respective bus policies of the coalition partners before the election. While the Conservative Manifesto contained the same commitment of “encouraging partnerships between bus operators and local authorities”,² Shadow Ministers had previously made it plain that they opposed the re-regulatory instruments introduced by the Labour Government. For example, the Conservatives voted against what became Labour’s *Local Transport Act 2008* (see below) at Second Reading on the grounds that “... it encourages the introduction of Quality Contract schemes to re-regulate bus networks, thus preventing free competition between bus operators, undermining service quality for passengers and jeopardising the partnerships between operators and local authorities that have helped to improve service quality”.³

In contrast, the Liberal Democrats were generally in favour of more regulation of the bus industry. The Liberal Democrat Manifesto stated that if elected the party would “Give councils greater powers to regulate bus services according to community needs so that local people get a real say over routes and fares”.⁴ The party broadly supported Labour’s reforms as set out in the 2008 Act and disagreed with the Conservative position at Second Reading: “The concept of having partnerships and contracts is right. The concept of cross-subsidy is right; we can now have socially provided services subsidised by profitable services. That is a good

¹ HMG, *The Coalition: Our Programme for Government*, May 2010

² Conservative Party, *Invitation to join the Government of Britain: the Conservative manifesto 2010*, April 2010, p24

³ [HC Deb 26 March 2008, c204](#)

⁴ Liberal Democrats, *Liberal Democrat Manifesto 2010*, April 2010, p79

idea, and the fact that we lost that opportunity during the past 20 years is part of the problem, particularly in rural areas”.⁵

In March 2012 the government published its green paper on the future of the bus industry. The paper states that the government’s aspiration is for “a ‘better bus’ with more of the attributes that we know passengers want: more punctual, inter-connected services, an even greener and more fully wheelchair and buggy-accessible fleet and the widespread availability of smart ticketing”. While it states that some areas benefit from ‘very good bus services’, it does acknowledge that “not every local community has the level of bus service it expects, and not every passenger is getting value for money”. The main reasons for this are:

- an absence of on-the-road competition between bus companies, which when present can keep fares competitive and drive improvements in quality;
- small and medium sized operators struggle to break into new markets to offer an alternative to the dominant bus company; and
- ticketing is sometimes a barrier rather than something that enables passengers to travel with more than one bus company.

The paper proposes new policy, regulatory, and funding approaches:

... to promote more bus use on commercial urban and inter-urban routes on the one hand, but on the other, to help local councils deliver value for money and innovation in the procurement of supported services to complement the commercial market and provide vital community links. Each local bus market is different, with its own history, circumstances and needs – bus companies are crucial in driving the changes that are needed, but local councils also have a key role to play to help ensure passengers get the best deal possible. In all places, both need to play their reinforcing and complementary roles to the fullest.⁶

The paper sets out a package of measures to deliver these improvements to “allow local transport authorities and commercial bus service operators to be efficient, innovative and creative in coming up with joint solutions to the transport needs of local people”. To this end, the government will:

Reform the way in which we pay Bus Service Operators Grant (BSOG), a subsidy to operators that makes more services viable, to ensure taxpayers get better value for the money we put into each and every local bus market

Incentivise partnership working between local transport authorities and operators to improve the quality of bus services and attract more passengers

Improve competition in English local bus markets, and bring local transport authorities and bus companies together to help develop effective multi-operator ticketing schemes, by adopting the Competition Commission’s recent recommendations to Government and

Support local transport authorities in their ability to procure non-commercial services, including more flexible, innovative options such as community buses.⁷

⁵ [HC Deb 26 March 2008, c220](#)

⁶ DfT, [Green Light for Better Buses](#), March 2012, p8

⁷ *ibid.*, p9

These proposals are dealt with in more detail in section 4 of the paper. In essence, the government plans to further encourage partnerships between local authorities and bus operators (see HC Library note [SN624](#) for further information); developing web-based tools to encourage more young people to use buses; reform funding, particularly Bus Service Operators' Grant (BSOG), and devolve its administration to local authorities (see HC Library note [SN1522](#) for further information); assist with the development of multi-operator ticketing schemes (see section 2, below); make changes to bus service registration and notification requirements (see section 3, below); and promote the use of community buses where commercial services are not viable.

Bus services in London operate differently to elsewhere in England.⁸ Boris Johnson became the first directly elected Conservative Mayor of London in May 2008. The Mayor of London's Transport Strategy was published in May 2010 and set out his priorities for London buses going forward. These were:

- To keep the development of the bus network under regular review to ensure it caters for growth in population and employment, while maintaining ease of use, attractive frequencies and adequate capacity, reliable services, good coverage and good interchange with other modes. All proposals for change will be appraised to ensure that they deliver good value for money;
- To improve bus passengers' journeys by measures including financial incentives, staff training, priority measures and access to real time information; and
- To upgrade the bus fleet to meet increased emissions standards and to deliver the new 'Routemaster-style' bus.⁹

1.2 Policy of the Labour Government, 1997-2010

The Labour Party Manifesto for the 1997 General Election stated that the key to efficient bus services was "proper regulation" at a local level in the form of partnerships between local councils and bus operators, coupled with improved provision and enforcement of bus lanes.¹⁰

The transport White Paper, published in July 1998, estimated that car traffic would grow by more than a third in the twenty years to 2018, and the success of the government's integrated transport policy would rest largely on the increased use of buses. Without it, the paper argued, pollution and congestion would inevitably increase with a corresponding damage to both the health of the population and the economy. In order to address this problem, more people should be persuaded to take more journeys by public transport and fewer by private car. The paper argued that radical change was needed in overall public perception of bus services to attract middle income and car using groups.¹¹

More detail of how this could be achieved was given in the subsequent buses policy document, published in March 1999.¹² This set out Labour's overall bus policy and included proposals to give local authorities franchising-like powers to implement what are known as Quality Contract Schemes. No local authority has ever used these powers, or even got to the point of making a formal application to the Secretary of State to use them. The paper also

⁸ details of the franchising system in London can be found in HC Library note [SN624](#)

⁹ Mayor of London, *Mayor's Transport Strategy*, May 2010, pp143-146, chapter 5; information is also available in the [TfL Business Plan](#)

¹⁰ Labour Party, *New Labour: Because Britain Deserves Better*, April 1997, p29

¹¹ DETR, *A new deal for transport: better for everyone*, Cm 3950, July 1998, paras 3.13-3.25

proposed statutory Quality Partnerships. This is an arrangement whereby local authorities and bus companies enter into mutual agreements to provide services and infrastructure. These have been more successful. Quality Partnerships and Quality Contracts formed the centrepiece of Labour's changes to bus policy, legislated for in Part II of the [Transport Act 2000](#). Further information on these schemes can be found in HC Library note [SN624](#).

In its ten year transport plan, published in July 2000, the government set a target to increase the number of bus journeys by ten per cent by 2010. It also aimed to secure more reliable services and better quality vehicles over the same period.¹³ A report, outlining progress towards achieving the objectives set out in the ten year plan, was published in December 2002. This stated that the patronage target in the initial plan had been revised to increase bus and light rail use by twelve per cent by 2010 compared to 2000 levels.¹⁴

October 2006 saw the twentieth anniversary of bus deregulation. Many saw this as a time to take stock of how the industry stood and whether it was fit for purpose. Several reports published in 2006 looked at the state of the bus industry and considered whether changes needed to be made, taking into account the general downward trend in patronage levels, the increasing costs to local authorities and the repeated complaints, particularly in the major metropolitan areas outside London, that the system as it stood did not work as effectively as it could.¹⁵ This was not, however, a universal view; the deregulated system was defended by, amongst others, John Hibbs, Emeritus Professor of Transport Management at the University of Central England and Roger French OBE, Managing Director of the Brighton and Hove Bus Company, one of the most successful bus operators in the country.¹⁶

In December 2006, after an extensive review, the Labour Government published its proposals to improve bus services by undertaking to enhance Partnership schemes, reduce the burden on local authorities wishing to introduce Contract schemes; develop a new performance regime for local bus services enforced by the Traffic Commissioners; support to the community transport sector; and look at how the bus subsidy regime functions.¹⁷ These changes were all legislated for in what became the [Local Transport Act 2008](#).¹⁸

Also in December 2006, the government published the [Eddington Transport Study](#) which addressed a number of high-profile transport issues, including bus services. It recommended that changes should be made to the regulation of the bus market to encourage local transport authorities and bus operators to work together; to allow greater coordination between bus operators; and to allow local transport authorities the option of introducing a bus franchising model where it could be demonstrated to offer a high value for money solution to the transport challenges facing any particular urban area.¹⁹

¹² DETR, [From workhorse to thoroughbred: a better role for bus travel](#), March 1999

¹³ DETR, [Transport 2010: the 10 year plan](#), July 2000, paras 6.49-6.51

¹⁴ DfT, [Delivering better transport: progress report](#), December 2002, para 4.15

¹⁵ see, for example: NAO, [Delivery Chain Analysis for Bus Services in England](#) (session 2005-06), HC 677, 9 December 2005; Public Accounts Committee, [Delivery chain analysis for bus services in England](#) (Forty-third report of session 2005-06), HC 851, 23 May 2006; NERA, [The Decline in Bus Services in the English PTE areas](#), August 2006; and Transport Committee, [Bus services across the UK](#) (eleventh report of session 2005-06), HC 1317, 26 October 2006

¹⁶ see, for example: John Hibbs, [The Dangers of Bus Re-regulation](#), Institute of Economic Affairs, November 2005; and Professor Hibbs' paper and Roger French's synopsis of his paper for: [Landor conference on Bus Deregulation](#), 26 January 2006

¹⁷ DfT, [Putting Passengers First](#), December 2006, p7

¹⁸ details can be found in HC Library research papers [RP 08/18](#) and [RP 08/49](#)

¹⁹ [The Eddington Transport Study](#) (Vol. 4), December 2006, paras 3.35-3.38

Ken Livingstone, who was elected as the independent Mayor of London in May 2000, published his transport strategy document in July 2001. It was subsequently revised in 2004 after he won re-election as the Labour candidate. The strategy included a general policy statement to 'transform' people's experience of travelling by bus: "the chronic problems of unreliability and slow journeys will be tackled. Buses must be reliable, quick, convenient, accessible, comfortable, clean, easy and safe to use, and affordable". This would be achieved by a number of detailed policy proposals:

- A more rigorous system of bus contracts;
- TfL to devote greater resources to reviewing and improving the performance and reliability of individual routes; ensure sufficient bus garage and standing facilities; work with the operators to ensure pay, conditions and training are adequate;
- A goal of doubling the number of central London double deck buses with conductors (two-thirds of central London double deck routes to have conductors by the end of 2004;
- The current phase of the London Bus Priority Network to be completed by April 2004; bus priority measures on major bus corridors to be improved;
- All bus routes will be effectively enforced, to protect against illegal stopping and other traffic offences, using cameras wherever possible;
- The bus network to be expanded with new and extended services, and improved service frequencies, where practicable and cost-effective. Consideration will be given to new types of service to attract existing car users (with the aim of increasing both passenger numbers and service provision by 40 per cent between 2001 and 2011);
- An expansion in the frequency and coverage of the 24 hour bus network to meet the growing demands for night-time travel;
- All bus stops have appropriate passenger facilities and able to be served effectively by low floor buses; improvements to the reliability of Countdown and an aim to extend it to 4,000 locations by 2005; TfL to study the use of articulated buses;
- Introduce measures to improve safety and security on buses;
- TfL to give high priority to further reductions in bus emissions, with new buses meeting Euro III standards from October 2001 and all buses meeting at least Euro II standards by 2005; and
- TfL to develop and introduce better bus information, including different formats and languages.²⁰

2 Competition

2.1 Generally

Where local authorities wish to enter into negotiations with two or more operators to implement a more coherent pattern of services (voluntary partnership agreements or VPAs), they must ensure that agreements are compatible with UK and EC competition law, as set

²⁰ Mayor of London, *The Mayor's Transport Strategy*, July 2001, Chapter 4F

out in the [Competition Act 1998](#), as amended, and under Title VII of the [consolidated EC Treaty](#), respectively. There is also an industry-specific test set out in Schedule 10 to the [Transport Act 2000](#), as amended.

Chapter I of the 1998 Act prohibits agreements or concerted practices that would prevent, restrict or distort competition. It applies to anti-competitive agreements between bus operators and in some circumstances it could also apply to agreements between operators and the Passenger Transport Executives (PTEs) in the metropolitan areas. This should not, however, prevent bus operators forming agreements, only where such agreements damage competition. The Act does, however, recognise that some agreements that have anti-competitive effects may still be beneficial for passengers and such agreements are allowed where they meet specific criteria such as improving production or distribution (for example, increasing the number of bus services), or promoting technical or economic progress (for example, improving the quality of bus services). Chapter II prohibits the abuse of a dominant position by a bus operator;²¹ ‘abuse’ would be where an operator exploits their position to leave passengers worse off, for example with predatory pricing.²²

The 2000 Act created a competition test that applies when local authorities for Quality Partnerships, make ticketing schemes, or offer services to tender. A bus operator can make an application for the [Office of Fair Trading \(OFT\)](#) to look at such a scheme or the OFT can launch such an investigation itself. The test is whether one of these schemes would have a significantly adverse effect on competition. If it does it can still pass the test if it:

- secures improvements in the quality of vehicles or facilities used;
- secures other improvements in local services of substantial benefit to users of local services; or
- reduces or limits traffic congestion, noise or air pollution.

The effect on competition must be proportionate to the achievement of these objectives.²³

Section 46 and Schedule 2 of the [Local Transport Act 2008](#) amended the provisions in Schedule 10 to:

...help to remove the key risks previously perceived to arise where local authorities and multiple bus operators enter into VPAs [voluntary partnership agreements]. The concern has been that bus operators have been deterred from sensible co-operation that would benefit passengers (e.g. coordinating timetables) because of the fear that they would be found to be in breach of competition law – for which the OFT has powers to levy substantial fines.

Competition law as it applies to VPAs has therefore been made clearer, and the risk of financial penalties removed, where such agreements are entered into in good faith. Guidance about VPAs (and “qualifying agreements” between bus operators) is available on the DfT website, and the OFT and DfT have produced new joint guidance which covers the application of competition law in more detail.²⁴

²¹ a dominant position is defined as a 40 per cent share of the market

²² OFT, [The OFT and the bus industry](#), 2003, pp3-6

²³ *ibid.*, pp8-9

²⁴ DfT, [Local Transport Act Implementation Bulletin](#), February 2009; the guidance mentioned here is: DfT, [Local Transport Act 2008: Guidance on voluntary partnership agreements](#), February 2009

2.2 Competition Commission inquiry into the local bus market, 2010-11

On 5 March 2009 the OFT announced that it would conduct a market study into the supply of local bus services²⁵ and in January 2010 it referred the industry to the Competition Commission (CC) on the grounds that low levels of competition in many bus markets both in the supply of commercial services and tendered services may be resulting in poor outcomes for bus users and taxpayers.²⁶ The CC launched their market inquiry into local bus services on 7 January 2010; the final report was published on 20 December 2011. The inquiry looked at both commercial and tendered local bus services.²⁷

The final report includes both findings (i.e. what the CC uncovered in the course of its investigation) and remedies (i.e. the actions that the CC recommends to fix the problems identified in the findings report). Where the CC finds that there is an adverse effect on competition (AEC), it has a duty under the relevant legislation to decide whether it should take action and/or whether it should recommend others take action to remedy, mitigate or prevent the AEC and any resulting detrimental effects. The CC must also decide what action should be taken and what is to be remedied, mitigated or prevented.

The CC's overall conclusions were that:

- **head-to-head competition in the supply of local bus services is uncommon**, but that where it did occur, ongoing sustained head-to-head competition delivers significant benefits to customers. However, the process of competition could result in periods of intense short-lived rivalry, leading to the exit of one operator. This reduces the extent of head-to-head competition. The anticipation of costly rivalry creates a barrier to entry and expansion;
- **four features of local bus markets make effective head-to-head competition uncommon** and limit the effectiveness of potential competition and new entry: the existence of high levels of concentration; barriers to entry and expansion; customer conduct in deciding which bus to catch; and operator conduct leading to geographic market segregation; and
- **in most cases, the markets for the tendering of contracts for supported local bus services work well**. However, in some cases the process of competition is impaired (by the way LTAs design tenders; and the limited number of potential bidders in some local areas), and hence that there are AECs in these markets.²⁸

The CC estimates that the detriment to consumers and taxpayers as a result of the AECs in the operation of local bus services (both commercial and tendered services) and the tendering of supported services is considerably in excess of £70 million a year and is likely to be between £115 million and £305 million a year.

The CC decided on a package of remedies with three main elements to address the AECs that it found:

²⁵ OFT press notice, "[OFT launches market study into local bus services](#)", 5 March 2009

²⁶ OFT press notice, "[OFT refers local bus services to Competition Commission](#)", 7 January 2010

²⁷ full details of the inquiry can be found on the [CC website](#)

²⁸ CC, [Local bus services market investigation](#), December 2011, p1

- market-opening measures to reduce barriers to entry and expansion (this will reduce market concentration; provide an environment in which competition is likely to be sustained; and make it harder for operators to sustain a co-ordinated outcome);
- measures to promote competition in relation to the tendering of contracts for supported services; and
- recommendations about the wider policy and regulatory environment, including emphasising compliance with and effective enforcement of competition law.²⁹

The three market-opening measures are focused on ticketing, operator behaviour; and access to bus stations:

Ticketing: recommendations to give LTAs additional powers to determine the characteristics of mandatory multi-operator ticketing schemes and for the OFT to review certain aspects of the competition law framework governing voluntary ticketing schemes. Final decisions about ticketing schemes will be taken locally in line with the principles we have set out. This remedy will directly address incumbency advantages arising from network and ticketing effects.

Operator behaviour: recommendations for restrictions on changes in service frequency through increased registration notice periods and changes to frequent service registrations. We also recommend that Traffic Commissioners be given the powers to introduce and enforce a local bus operator Code of Conduct and that there should be restrictions around the sale of municipal bus companies. This will help to address the barriers to entry and expansion associated with expectations of post-entry competition and cheap exclusion.

Access to bus stations: an Order requiring local bus operators that manage bus stations to provide access to bus stations for rival operators on fair, reasonable and non-discriminatory terms and to publish the Conditions of Use, which contains, among other things, information about charges and the allocation of stand and layover capacity. This will enable third party operators to compete on a level playing field and give confidence to potential entrants that their entry plans are not at risk due to difficulties in securing access to bus stations.³⁰

In relation to supported services, the CC proposed that the government issues updated best practice guidance to local authorities and give local authorities powers to obtain, and where appropriate disclose, information about revenue and patronage of services being deregistered. In support of all these measure, the CC also proposed that the OFT develop its approach to bus company mergers and update its guidance on the application of competition law to the bus industry; and local bus operators should review their competition compliance training. Local authorities are further encouraged to consider the benefits of partnership arrangements insofar as they encourage competition and that the government look at incorporating competition-related incentives into the BSOG regime.³¹

2.3 Government response to the CC report and subsequent developments, 2012-

As indicated above, in March 2012 the government published its green paper on bus policy. This incorporated its response to the CC's report (see above). In direct response to the report, the paper states:

²⁹ *ibid.*, p2

³⁰ *ibid.*, p11

³¹ *ibid.*, pp11-12

In its recent report, the Competition Commission recommended to the Government a series of measures to help to open up the market for commercial bus services and promote competition in relation to local transport authority supported services. In our response to that report ... we agreed to implement those remedies. We are also committed to minimising red tape for businesses, so any new cost burdens will be offset by the removal of burdens elsewhere.³²

The green paper states that in 2012/13 the government intends to bring forward a package of secondary legislation to implement the remedies recommended by the CC to amend the way in which local bus services in England and Wales must be registered with a Traffic Commissioner (see section 3, below).

As to the gathering and publication of information by local authorities, section 139 of the 2000 Act, as amended, made it a duty for local authorities to publish information about local bus services and also allowed them to recover reasonable costs from the operators. The green paper states that the government intends to explore the possibility of changing primary legislation by the end of this parliament, so that local authorities have access to revenue and patronage information about commercial routes (i.e. those not under contract) if they are deregistered, and can make that information available to other companies looking to bid for a contract to run the route instead.³³

Perhaps the most substantial development is on ticketing. A frequent complaint about deregulation has been the loss of flexibility in ticketing: passengers often cannot buy a ticket that permits a return journey on a different bus operator's service or they cannot easily buy tickets for through journeys involving different bus operators or bus and train services. The position varies widely across the country, and between operators. Travelcards and multi-modal tickets exist in most metropolitan areas, and more recently there has been an increase in bus/rail ticketing, often stimulated by joint ownership of the two industries in parts of the country. Section 135 of the 2000 Act, as amended, allows local transport authorities, alone or jointly, to set up ticketing schemes, whereby operators of local bus services are required to make and implement arrangements to accept each other's tickets or provide integrated ticketing in ways specified in the scheme.

The green paper acknowledges the potential benefits of multi-operator tickets, which enable passengers to make multi-leg trips on different bus operators, particularly in urban areas. The CC recommended that local councils and ITA use the existing powers in the 2000 Act to introduce new multi-operator travelcards. In response to this, the green paper states:

Government therefore is developing, with bus companies and local transport authorities, guidance on developing mandatory, competitively priced bus-only multi-operator ticketing schemes with: effective governance, access for new entrants, appropriate, locally-determined zonal coverage (to include travel-to-work areas that go beyond local authority boundaries if necessary), with ticket types that correspond to, and are sold through the same channels as, the main types offered by individual operators.

We recognise that if our ambitions are not met, we may need to legislate to bring about more multi-operator ticketing schemes and so, in consultation with the Welsh Assembly Government, we will explore by the end of this parliament opportunities to

³² op cit., *Green Light for Better Buses*, p41; the full response document is: BIS, *Government Response To The Competition Commission's Report "Local Bus Services Market Investigation"*, March 2012

³³ *ibid.*, p45

bring forward primary legislation to give local transport authorities more powers as the Competition Commission has recommended.³⁴

In January 2012 the Transport Select Committee announced its intention to hold an inquiry into competition in local bus markets, looking at the CC's recommendations and responses to them. The Committee is in the middle of taking evidence and will hear from its final witnesses in May 2012.³⁵

3 Powers of the traffic commissioners

The traffic commissioners were set up under the *Road Traffic Act 1960*; the current legislation is contained in section 4 and Schedule 2 to the *Public Passenger Vehicles Act 1981*. The commissioners are appointed by the Secretary of State for Transport and are each responsible for a traffic area. There are currently six commissioners in England, one of whom is also the Commissioner for Wales; and one Commissioner for Scotland. The acting Senior Traffic Commissioner (STC) is currently Beverley Bell; she is also the Commissioner for the North Western Traffic Area and has been acting STC since October 2011 on the retirement of the first statutory STC, Philip Brown.³⁶

3.1 Registering and regulating bus services

Bus services must be stable and reliable to attract new custom. One of the criticisms most commonly levelled at the deregulated system was that timetables changed too frequently, confusing potential passengers. In its 1999 paper (see above), the Labour Government therefore proposed a package of measures to promote greater stability and integration, improve enforcement and streamline administrative procedures. Those that required primary legislation (e.g. the provision of information and joint ticketing) were introduced by the *Transport Act 2000*. Others, such as changes to the notice periods and the abolition of the 'five minute rule' were introduced through secondary legislation.³⁷

The *Transport Act 1985* allowed any qualified operator an unrestricted right to provide local bus services on a commercial basis. As outlined above, the traffic commissioners are appointed by the Secretary of State and oversee the bus route registration process. They license the bus operators, deal with disciplinary cases and check on the quality and safety of the service offered. They have powers to ensure that bus operators run the services they have said they will run but they cannot prevent an operator introducing or ending a service.

A licensed bus operator merely needs to register its intention to set up a service with the Commissioner responsible for the area, giving 56 days notice. The only exception to this is where the Commissioner, in special circumstances, uses his or her discretion to shorten the period of notice on request. The operator has to provide the Commissioner with information on the proposed route; on the terminal points, timetable and stopping arrangements; and on the vehicles to be used. Any subsequent variation or withdrawal of the service also requires the same period of notice.

The Commissioner is prohibited from taking into consideration the number of operators on a particular route when registering a service on that route. The 1985 Act allows him to determine conditions governing routes and stopping places of local services only in order to

³⁴ *ibid.*, p42

³⁵ for full details, visit the [Transport Committee inquiry page](#) [accessed 25 April 2012]

³⁶ information on the commissioners and how to contact them can be found on the [DfT website](#)

³⁷ [HL Deb 12 February 2001, c1WA](#)

prevent danger to road users or to reduce severe traffic congestion. The 2000 Act extended the powers so that a Commissioner would also be able to act in order to reduce or limit noise or air pollution. The operator must run the bus service according to the specification in the registration with two exceptions:

- the use of duplicates which are run as closely as possible to the registered time is allowed to meet unusually high demand, and
- the registration of a "frequent service" (i.e. a frequency of at least one bus every ten minutes) means that the operator is not obliged to specify a timetable and is therefore able to alter service timings without further reference to the Commissioner.³⁸

Individual bus operators are responsible for the timetable. The introduction of new services will depend on the operator's opinion of the demand for it and its commercial viability. Once registered, the service can be varied, subject only to giving 56 days' notice.³⁹

The Commissioners also play a role in regulating the operation of local bus services. The commissioners have the power to fine bus operators between one and 20 per cent of their profits for failure to operate services in accordance with registered details under powers in sections 155 and 158 of the 2000 Act. The commissioners gained other responsibilities under the 2000 Act – they are also responsible for:

- compliance of the bus operators with Quality Partnership agreements made with the local authorities;
- compliance with the agreements between the operators and the local authorities on through ticketing;
- the dissemination of information; and
- using traffic regulation powers for the purpose of reducing or limiting noise or air pollution.

The commissioners' powers were enhanced by the [Local Transport Act 2008](#). The main changes to traffic commissioners' powers, as they relate to buses, are set out in sections 48-51 and 62-65 of the 2008 Act. They are:

- A new procedure in respect of applications to register bus local services in areas where a Quality Partnership scheme has been made, and that scheme includes restrictions on the registration of local services
- A new procedure where a bus operator wishes to provide, and applies to register with the relevant traffic Commissioner, in the area of a Quality Contracts scheme, a service otherwise than under a Quality Contract
- An amendment to the traffic commissioners' power to impose traffic regulation conditions on the providers of local bus services to allow them to do so when a traffic authority reasonably foresees that a traffic problem is likely to arise.

³⁸ *Public Service Vehicles (Registration of Local Services) Regulations 1986* (SI 1986/1671), as amended

³⁹ increased from 42 days by the *Public Service Vehicles (Registration of Local Services) (Amendment) (England and Wales) Regulations 2002* (SI 2002/182)

- An amendment to the commissioners' power to attach conditions to the licences of operators who engage in certain conduct⁴⁰ to enable them to attach such conditions to any other licence held by that operator, or to the licence of another operator that is connected with the operator in default (for example, a subsidiary of the same holding company).
- A new power for the commissioners to investigate poor punctuality.
- Amendments to the commissioners' powers to impose financial penalties on operators who fail to operate local services satisfactorily to allow the commissioners, either as an alternative or in addition to a fine, to make an order requiring the bus operator to spend a specified sum of money on providing, or making specified improvements to, specified local services or facilities, or requiring the operator to compensate the passengers on such services.⁴¹

As indicated in section 2, above, the government's March 2012 green paper on bus policy set out its response to recommendations by the Competition Commission to increase competition in local bus markets. One of the changes the government intends to make is to bring forward in 2012/13 a package of secondary legislation to implement the CC's remedies. This will include a requirement for bus companies to notify the local transport authority or authorities 14 days before an application for a new registration, variation or withdrawal is made to a traffic commissioner. The government also intends to provide local authorities with more time to update timetable information, inform passengers and commission a replacement service if needed. It will also give them time to discuss with the bus company any particular issues before the application is formally made.⁴²

3.2 Operator licensing

The commissioners are responsible for licensing public service vehicle (PSV) operators and determining whether applicants for PSV licences are fit persons to hold such licences.

PSV operating centres are licensed as a consequence of the PSV operator's licence, granted to operators by the relevant traffic commissioner under section 12 of the *Public Passenger Vehicles Act 1981*, as amended. Section 12 states:

12 PSV operators' licences

[(1) A public service vehicle shall not be used on a road for carrying passengers for hire or reward except under a PSV operators' licence granted in accordance with the following provisions of this Part of this Act.]

(2) The authority having power to grant a PSV operator's licence is the traffic [commissioner] for any traffic area in which, if the licence is granted, there will be one or more operating centres of vehicles used under the licence; and, subject to the provisions of this Part of this Act, a PSV operator's licence authorises the holder to use anywhere in Great Britain vehicles which have their operating centre in the area of the traffic [commissioner] by whom the licence was granted.

⁴⁰ e.g. failing to comply with particular requirements applying to local bus services or failing to take the necessary steps to maintain their vehicles in a fit and serviceable condition

⁴¹ those changes which relate to the commissioners' other powers regarding Quality Partnerships and Contracts are covered in HC Library standard note [SN/BT/624](#)

⁴² op cit., *Green Light for Better Buses*, p42

(3) A person may hold two or more PSV operators' licences each granted by the traffic [commissioner] for [a different area], but shall not at the same time hold more than one such licence granted by the [commissioner] for the same area.

[...]

Under section 16 of the 1981 Act the Commissioner can attach conditions to the applicant's licence including, for example, "conditions for regulating the places at which vehicles being used under a PSV operator's licence may stop to take up or set down passengers" (section 16(4)). Once a licence has been obtained it continues in force indefinitely (i.e. there is no 'renewal' of a licence), subject to "its revocation or other termination" under the 1981 Act or any other statute (section 15(2)).

Under section 14A one may object to the granting of an operator's licence, though the only statutory duty on the relevant Commissioner to take note of such objections is when they are made by any chief officer of police or local authority on specific grounds set out in section 14 of the Act.

4 Driver Licensing

If you want to drive a bus (public service vehicle or PSV) you will normally need to apply to the Driver and Vehicle Licensing Agency (DVLA) to add provisional entitlement for buses to your driving licence. When you have provisional entitlement, you can take lessons and the necessary theory and practical driving tests to drive a PSV. If you want to drive a PSV for a living, you will also need to pass the Driver Certificate of Professional Competence (CPC) initial qualification tests.

The CPC for professional drivers was introduced as a result of European Directive [2003/59/EC](#). All **new** professional bus drivers must pass an initial qualification, and all **existing** professional bus drivers must take periodic training on a five-yearly cycle. The requirements to pass an initial qualification were introduced on 10 September 2008; existing bus drivers will have to have undertaken the first round of training by 9 September 2013.

The Driving Standards Agency (DSA) held a consultation on the introduction of CPC in November 2005. The Partial Regulatory Impact Assessment states that the overall objective of the Directive is:

... to improve road safety, to improve the professionalism and the quality of service offered by professional drivers and to facilitate the free movement of workers". In addition, the European Commission hoped by proposing these measures to encourage more drivers into the road haulage and passenger transport industries. This was seen as being assisted by establishing a Community-wide standard for the Initial Qualification and Periodic Training for drivers working in the road freight and passenger-carrying sectors.⁴³

The consultation paper gave the following summary of the 'expected benefits' of CPC:

The proposed new arrangements offer the prospect of major benefits to the road freight and passenger transport sectors. In particular:

⁴³ DSA, *Certificates of Professional Competence for professional lorry and bus drivers - partial RIA*, November 2005, para 2.1.1

- better qualified drivers should mean savings in fuel consumption. Research indicates that the economic benefits should outweigh the costs of the Directive's provisions.
- better arrangements for skilling professional drivers will enable younger persons to take up those occupations, which has long been a request from the 2 sectors.⁴⁴

The *Vehicle Drivers (Certificates of Professional Competence) Regulations 2007* ([SI 2007/605](#)) were laid on 2 March 2007; there was no debate on them.⁴⁵

The syllabus for the bus driver CPC is available on the [Business Link website](#) and a searchable list of approved training providers is available on the [JAUPT website](#).

⁴⁴ DSA, *Proposed arrangements for implementing European Union requirements for initial qualification and periodic training: consultation paper*, November 2005

⁴⁵ though they were considered by the HL Merits of Statutory Instruments Committee, *Fifteenth Report of 2006-07* (HL 78), 22 March 2007