

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### BUS SERVICES BILL [*LORDS*]

*First Sitting*

*Tuesday 14 March 2017*

*(Morning)*

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#### CONTENTS

Programme motion agreed to.

Written evidence (Reporting to the House) motion agreed to.

CLAUSES 1 AND 2 agreed to, one with amendments.

SCHEDULE 1 agreed to.

CLAUSE 3 agreed to.

CLAUSE 4 under consideration when the Committee adjourned till this day at Two o'clock.

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**not later than**

**Saturday 18 March 2017**

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**The Committee consisted of the following Members:**

*Chairs:* ALBERT OWEN, †MR DAVID NUTTALL

- |   |  |
|---|--|
| † Ansell, Caroline ( <i>Eastbourne</i> ) (Con)                                  | † Phillipson, Bridget ( <i>Houghton and Sunderland South</i> ) (Lab) |
| † Dakin, Nic ( <i>Scunthorpe</i> ) (Lab)  | † Robinson, Mary ( <i>Cheadle</i> ) (Con)                            |
| † De Piero, Gloria ( <i>Ashfield</i> ) (Lab)                                    | † Spencer, Mark ( <i>Sherwood</i> ) (Con)                            |
| † Freer, Mike ( <i>Finchley and Golders Green</i> ) (Con)                       | † Stringer, Graham ( <i>Blackley and Broughton</i> ) (Lab)           |
| † Green, Chris ( <i>Bolton West</i> ) (Con)                                     | † Tracey, Craig ( <i>North Warwickshire</i> ) (Con)                  |
| † Greenwood, Lilian ( <i>Nottingham South</i> ) (Lab)                           | † Zeichner, Daniel ( <i>Cambridge</i> ) (Lab)                        |
| † Jones, Andrew ( <i>Parliamentary Under-Secretary of State for Transport</i> ) |  |
| † Knight, Julian ( <i>Solihull</i> ) (Con)                                      | Kenneth Fox, Juliet Levy, <i>Committee Clerks</i>                    |
| † Mann, Scott ( <i>North Cornwall</i> ) (Con)                                   |  |
| † Merriman, Huw ( <i>Bexhill and Battle</i> ) (Con)                             | † <b>attended the Committee</b>                                      |

# Public Bill Committee

Tuesday 14 March 2017

(Morning)

[MR DAVID NUTTALL *in the Chair*]

## Bus Services Bill [Lords]

9.25 am

**The Chair:** Before we come to the detailed consideration of the Bill, I have a few preliminary points to make. I remind hon. Members that mobile devices must be switched off or to silent, and that we do not allow tea or coffee to be drunk in the Committee Room during sittings. We will begin by considering the programme motion on the amendment paper, and we will then consider a motion to enable the reporting of written evidence for publication. I hope that we can take these matters formally, without debate.

*Ordered,*

That—

(1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 14 March) meet—

- (a) at 2.00 pm on Tuesday 14 March;
- (b) at 11.30 am and 2.00 pm on Thursday 16 March;
- (c) at 9.25 am and 2.00 pm on Tuesday 21 March;

(2) the proceedings shall be taken in the following order: Clauses 1 and 2; Schedule 1; Clauses 3 to 6; Schedule 2; Clauses 7 and 8; Schedule 3; Clauses 9 to 15; Schedule 4; Clauses 16 to 21; new Clauses; new Schedules; Clauses 22 to 26; remaining proceedings on the Bill;

(3) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 21 March.  
—(*Andrew Jones.*)

*Ordered,*

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Andrew Jones.*)

**The Chair:** Copies of written evidence that the Committee receives will now be made available in the Committee Room. We will now start the detailed, line-by-line consideration of the Bill. I will allow hon. Members to take off their jackets during the sitting if they wish. I again remind Members to ensure that mobile phones are switched off or to silent.

The selection list for today's sitting is available in the Committee Room. It shows how selected amendments have been grouped together for debate. Those that have been grouped together are generally on the same or a similar issue. A Member who has put their name to the leading amendment—the first named amendment in a group—is called first. Any other Member is then free to catch my eye and indicate that they wish to speak on all or any one of the amendments within that group. A Member may, if they wish, speak more than once in a single debate on a group. I will work on the assumption that the Minister wishes the Committee to reach a decision on all the Government's proposed amendments.

Please note that decisions on amendments take place not in the order in which they are debated, but in the order in which they appear on the amendment paper. In other words, debate occurs according to the selection and grouping list, but decisions are taken when we come to the clause that the amendment affects. I hope that explanation is helpful to Members. I will use my discretion as we go through proceedings, as will the other co-Chair, to decide whether to allow a separate stand part debate on individual clauses and schedules following debates on relevant amendments.

### Clause 1

#### ADVANCED QUALITY PARTNERSHIP SCHEMES

**The Parliamentary Under-Secretary of State for Transport (Andrew Jones):** I beg to move amendment 1, in clause 1, page 2, line 43, leave out from beginning to end of line 4 on page 3.

*This amendment removes an order-making power under which the Secretary of State may confer on a local transport authority with an advanced quality partnership scheme power to enforce traffic offences.*

The amendment removes the Secretary of State's ability to confer the functions to enforce traffic offences on authorities that make advanced quality partnership schemes. English local authorities outside London that can enforce parking violations already have powers to enforce bus lane contraventions, including moving traffic violations in bus lanes. The measure that was made in the other place would broaden those powers beyond the scope of bus lanes and allow the enforcement of other moving traffic offences such as contraventions in yellow box junctions. There are already provisions in part 6 of the Traffic Management Act 2004 to permit the enforcement of other moving traffic violations.

The Government have not yet made a decision on whether to provide these powers to authorities, but we continue to discuss the issue with the Local Government Association and other organisations; I have met the LGA to discuss this issue on two occasions. A key concern remains that if the powers are granted, they could be misused to generate revenue for local authorities—indeed, I had a letter from a councillor only a few days ago suggesting that it would be a highly desirable thing to do from a revenue-raising perspective—but their primary purpose is traffic management, and that kind of attitude reinforces the Government's concerns.

I recognise that congestion can have a major impact on local bus services, but authorities can take action to address it through new infrastructure measures and technological solutions, for example by enforcing moving traffic offences in bus lanes, as I mentioned earlier. Given the existing powers available to local authorities and the existence of part 6 of the Traffic Management Act, I hope that hon. Friends and colleagues on the Committee will agree that the additional legislation, particularly where it relates to only one type of partnership, is unlikely to achieve better outcomes.

**Daniel Zeichner (Cambridge) (Lab):** It is a pleasure to serve under your chairmanship, Mr Nuttall. I am sure that the discussions we will have in Committee over the next six sittings will be civil and cordial, as they were on Second Reading. Indeed, the Opposition would be

delighted to save everyone a lot of time and agree to the Bill as it now stands, because we believe that it was much improved in the other place—but we appreciate that the Government have other plans. At the outset, may I put on the record that for many years I have been a member of the trade union Unite? As it represents many members in the bus industry, I have regular conversations with it.

Government amendment 1 on moving traffic offences may be a curious place to commence our discussions, but it highlights the fact that, welcome though many of the Bill's measures are, they are only a part of what is needed to achieve what we all want to see: a much more comprehensive and thriving bus sector. Although many more public transport journeys are made by bus than by any other form of public transport, sadly the number of journeys and, in many cases, their speed is declining. The industry tells us that part of the problem is traffic congestion, which is why enforcement of moving traffic offences matters, as the Minister indicated.

When I went to meet my local bus company soon after being elected, to continue the long period of constructive dialogue that local bus manager Andy Campbell of Stagecoach and I have had over many years, he was absolutely clear that one of the biggest problems facing buses in Cambridge was the snarl-ups at a major junction where the yellow box had been removed after a major reconfiguration. However, what is the point of a yellow box if everyone knows that there is no sanction for transgressing it? That point struck me last Friday as I did exactly that at another junction in the city, just as everyone else does. The measure introduced in the other place would give local councils the powers to do what the police no longer have the resources to do. That is not their fault, but a direct consequence of Government cuts—cuts add to congestion, and they add to delays on the buses.

This destructive Government amendment removes an order-making power under which the Secretary of State may confer on a local transport authority with an advanced quality partnership scheme the power to enforce traffic offences. Part 6 of the Traffic Management Act 2004 gave the Government the power to make regulations and publish guidance relating to the civil enforcement of road traffic contraventions, such as the regulations we have been talking about for parking and moving traffic offences. As I have outlined, we believe that it is important that all councils should have enforcement powers to deal with moving traffic matters such as banned turns and yellow box junctions, to help improve the reliability and punctuality of buses, which would in turn increase bus patronage, which is something we are all trying to achieve.

It is disheartening to see the Government refusing to enact the power. According to Department for Transport figures, road traffic levels and congestion are projected to increase by 55% and 86% by 2040. The powers could help local authorities with advanced quality partnership schemes to reduce congestion, improve punctuality and increase bus ridership, so why not do it? We know that the Government do not really trust councils and run scared of press columnists who whip up scare stories. In the meantime, every driver stuck by a gridlocked crossing, and every bus passenger stuck because their bus cannot move, is the loser. I exhort the Minister to be brave and make yellow boxes work. If that is good enough for London and Cardiff, why not for Cambridge and Yorkshire?

**The Chair:** May I ask at the outset that any hon. Member wishing to speak will indicate that clearly by standing up, as they would in the Chamber? I want to include everyone.

**Huw Merriman** (Bexhill and Battle) (Con): I accept your invitation on that basis, Mr Nuttall. It would be incredibly remiss of me not to make at least a brief contribution, as I see a fellow member of the Transport Committee, the hon. Member for Blackley and Broughton, looking at me and no doubt remembering some of the things I said on this point in that Committee.

I live in a constituency where we do not even have civil parking enforcement. The hon. Member for Cambridge is correct that at the moment the police do not have the resources to deal with traffic offences. In my constituency they have even given up on dealing with people who park in a bay for two hours. As a result, many parts of the constituency are chock-a-block and no one is taking responsibility.

I am greatly concerned about the fact that there is no direction from above, conferring powers but also making sure that powers are used. I do not want to vote against the Government but I would ask the Minister to consider how they can ensure that councils take responsibility for powers that they can utilise, and how to improve council enforcement with respect to traffic movement.

The Transport Committee is currently undertaking an inquiry on urban congestion, and it is clear to us that difficult decisions must be taken. I would like local authorities to be granted more powers, and I would like us to ensure that they take them rather than arguing with the police about who does nothing.

**Andrew Jones:** My hon. Friend makes an interesting point. I think that councils, rather than arguing with the police about who does nothing, have significant powers, and we should encourage them to take action. I hope that we can move to much greater civil enforcement, and to people leading their councils with a view to shaping their local areas and making them better environments, in all respects, including traffic management. As for whether the Government trust councils—a point raised by the hon. Member for Cambridge—the Bill is an enabling one that gives councils powers. Clearly his underlying point is not correct.

The Government are unconvinced that, without further controls, the proposals would be anything other than the potential for revenue-raising by councils, rather than traffic management. That view is reinforced when I receive letters such as one that I had stating, “This is an opportunity for us to get some cash in.” However, I am not against the principle and will continue to talk with the Local Government Association. I discussed it only last Thursday with the LGA—Councillor Martin Tett, the leader of Buckinghamshire County Council, is leading on it—so there are live conversations.

I am happy to give the Committee my commitment that we shall continue with those discussions, but I want to make sure that we see the issue from the point of view of traffic management. If the LGA will do further work on that we can continue to talk. I do not think that the Bill is the right place to tackle moving traffic offences.

**Graham Stringer** (Blackley and Broughton) (Lab): I understand what the Minister is saying, but the provision is not about enabling councils to carry out a function; it

[Graham Stringer]

is about restricting current and future ministerial teams. Why does he want to restrict the powers of his Government and following Governments, if they think fit, to confer that power on local authorities?

**Andrew Jones:** I am happy to consider the commencement of these powers, but we have to go through a number of safeguards yet. I do not think that we are in a position to go any further. I am quite happy to keep this dialogue going, but the case has not been made in a way that has convinced me or other departmental colleagues. Indeed, I think that there are reservations across the House more broadly.

This is not about restricting powers; it is about granting powers to councils to enforce moving traffic offences. I know that they want them. These powers have been on the statute book for 13 years and not commenced. Our predecessors probably had some of the same reservations that I have had. I do not think that we can go any further than my commitment to keep talking and not to be against this in principle.

**Lilian Greenwood** (Nottingham South) (Lab): I am sure that the Minister is aware of the report by Professor David Begg for Greener Journeys about the impact of congestion on bus passengers and the fact that bus journeys have been reducing by 10% each year. If that trend continues, will he look again at traffic management? Clearly, congestion hits buses harder than it hits other vehicles. If bus speeds are reducing, that can hit bus patronage. This goes against the very ethos of his Bill, which is to increase bus patronage and encourage the use of the bus as a means of transport.

**Andrew Jones:** The hon. Lady is absolutely right. The heart of the Bill is more powers to get more passengers on to buses. That is what the Bill is for. I am certainly aware of the report by Professor Begg; I have read it and discussed it with him. Indeed, we have spoken at a couple of conferences together and discussed the matter. I have no doubt that congestion is a factor. At the same time, the Government are taking significant action to tackle it. Only last Friday morning we announced a further £110 million of schemes to tackle congestion and particular pinch points on the strategic road network.

We are aware of the impact on congestion and are taking action. I am aware of the concerns in the industry. I support, for example, the introduction of bus priority measures, where it is appropriate and when councils, as local highway authorities, take these actions. That still does not mean that we are in the right place to take this issue forward today.

*Amendment 1 agreed to.*

**Andrew Jones:** I beg to move amendment 2, in clause 1, page 4, leave out lines 37 to 42.

*This amendment removes a requirement that, under an advanced quality partnership scheme, new buses providing local services must meet eligibility requirements contained in the "Low Emission Bus Scheme" (a programme of grants to support the use of low and ultra-low emission vehicles), where the vehicle comes into service after 1 April 2019.*

**The Chair:** With this it will be convenient to discuss the following:

Government amendments 6 and 11.

**Andrew Jones:** The amendments would remove the requirement that from 1 April 2019 all new buses used to deliver services as part of a partnership or franchising scheme in England must be low-emission vehicles. As a result of changes made in the other place, the Bill currently requires such vehicles to meet the eligibility requirements contained in the low emission bus scheme.

I support the spirit behind the changes made in the other place. We all want to see greater use of low-emission buses. Last July, we published details of the local authorities and operators that will be sharing the £30 million budget under the low emission bus scheme. That builds on budgets that have come from previous Governments in support of cleaner vehicles. In the autumn statement, my right hon. Friend the Chancellor of the Exchequer announced that a further £100 million will be made available over the next few years to help to spread the use of such buses.

The drafting of the Bill as it stands, however, is not the way to go about encouraging greater use of these very impressive vehicles. The requirement would tie the hands of authorities looking to implement franchising, advanced quality partnerships or enhanced partnerships. It would require them to specify standards for newer vehicles that are higher than in other parts of the country. It is a bit of a centralist approach, which goes against the principle of the Bill, and it would certainly result in additional costs, which could make the difference between whether schemes are viable or not. The likely consequence is that many local transport authorities would simply not pursue such schemes at all, which would lead to lower levels of bus use and potentially worse environmental outcomes than would have been achieved without the provisions. Even where schemes are set up, the provision could be circumvented for several years if authorities simply do not introduce any new buses at all, which would be a perverse consequence and the opposite of what it seeks to achieve.

9.45 am

I have discussed this matter with bus operating companies, and they highlighted that one of their major concerns about the Bill is the significant increase in cost. The industry is on a journey towards investing in vehicles that offer greater customer benefits, greater comfort, wi-fi and significant improvements in their environmental performance. We want to encourage the churn of the fleet, and the Government will support the industry to do that.

I believe that the Bill needs to strike the right balance between giving authorities the right tools for the job and not being too prescriptive about how improvements are to be achieved. Decisions on the need or otherwise for low-emission vehicles to be specified in a scheme are best made locally, rather than determined on the face of the Bill. That is the objective of Government amendments 2, 6 and 11.

**Daniel Zeichner:** I hear what the Minister says, and of course there is always a debate to be had about how to drive up standards, but the evidence is clear that unless such mechanisms are used, it does not happen. It is disappointing that the Government intend to remove the provisions in the Bill that would ensure that schemes require that new vehicles delivering local services meet the specifications of the low emission bus scheme as set out by the Office for Low Emission Vehicles.

However, we are a little cheered by the fact that the Government amended the Bill to specify that the standards of service that may be specified in a scheme include requirements about emissions or types of fuel or power. Our amendment says that schemes must ensure new vehicles party to the scheme meet the low-emission specifications, but the Government's amendment says only that standards of service may include requirements about emissions, and does not set out what they may be.

The draft guidance is not much better. It says that the Department

"would encourage authorities to think about how they can use the tools in the Bill...to help improve the emission standards of the vehicles used and therefore local air quality",

but adds

"it is important to remember however that these tools are designed to help authorities...not dictate standards."

While that may be a very cosy way of arranging things, it does not do what is necessary to drive up standards.

We all know how pressing the air quality issues in this country are and how frequently the Government have been losing in the courts. We think this is a straightforward opportunity to take robust action, but sadly the Government's response is to think about it. We need more robust action to make the buses in our country greener and cleaner.

**Andrew Jones:** To say that the Government are just thinking about it does not capture the spirit of what I said earlier about our low emission bus scheme and the further funding that was allocated in the autumn statement. I agree that air quality is a significant and pressing issue, and I have no doubt that progress with buses is at the heart of improving the air quality in our towns and cities. However, the Bill is explicit that emissions standards can be specified in partnership schemes or included in local service contracts, in the context of franchising. Emissions standards can be included in schemes, thus giving local authorities the flexibility to determine an approach that is right for their area.

I am not quite as doomy and gloomy as the hon. Gentleman on this issue. From my discussions with bus operators, I see a recognition that new low-emission vehicles present a fantastic opportunity. They are moving their fleets in that direction and we are supporting them in that work. In my constituency, the Harrogate Bus Company will move to an electric fleet for much of its service. It will be a leader for low-emission buses across the country and I have supported it in its enthusiasm.

That also has good public recognition but that does not mean we should dictate cost, which could have a perverse effect rather than the positive motive behind the amendment. That is the reason the Government have tabled it.

*Amendment 2 agreed to.*

**Andrew Jones:** I beg to move amendment 3, in clause 1, page 6, leave out line 1.

*This amendment and amendment 4 remove a requirement to consult representatives of employees of affected bus operators about a proposed advanced quality partnership scheme. The representatives must be representatives of a trade union recognised by bus operators or, if there are no such representatives, appointed or elected representatives of the employees.*

**The Chair:** With this it will be convenient to discuss the following:

Government amendments 4, 8 and 9.

Amendment 22, in clause 4, page 18, line 16, leave out "advanced quality partnership scheme" and insert "franchising scheme."

*This amendment would amend a provision in the franchising scheme section that refers to advanced quality partnership schemes.*

Amendment 27, in clause 9, page 44, line 33, at end insert—

"(i) appropriate representatives of any affected employees"

*This amendment would make appropriate representatives of any affected employees statutory consultees when a local authority is consulting on a proposed enhanced partnership.*

Amendment 28, in clause 9, page 44, line 33, at end insert—

"(6A) In subsection (6) (i) "appropriate representatives of any affected employees" means—

- (a) representatives of a recognised trade union, if an independent trade union is recognised by existing operators in the area of the proposed franchising scheme; or
- (b) in any other case, employee representatives appointed or elected by the affected employees who have authority from those employees to receive information and be consulted on their behalf."

*This amendment specifies what is meant by the term "appropriate representatives of any affected employees" in Amendment 27.*

**Andrew Jones:** A number of amendments have been tabled by the Government, the hon. Members for Cambridge, for Nottingham South and for Scunthorpe that relate to the consultation of employee representatives in relation to proposed partnership and franchising schemes.

Government amendments 3, 4, 8 and 9 would remove the requirement for authorities to consult representatives of employees about proposed advanced quality partnership and franchising schemes.

The Government introduced amendments in the other place to require authorities to consult employee representatives about proposed franchising schemes, as it is those schemes that are likely to impact on staff. The Bill, therefore, already places a requirement on authorities to consult employee representatives in the appropriate circumstances, which ensures that any trade unions that represent employees will be consulted on franchising proposals.

The further amendments that were made in the other place in relation to consultation of employee representatives and trade unions on proposed franchising schemes therefore partly replicate Government amendments. Government amendments 8 and 9 would simply remove that duplication. In the light of that duplication, I hope the hon. Member for Cambridge will feel able to withdraw amendment 22, which would amend further that duplicated text.

I completely understand the need for employee representatives to be consulted on proposed franchising schemes because these proposals could have a direct impact on bus industry employees in an area. It is, therefore, completely correct that they are consulted and that employee representatives can be involved in that process. However, I do not consider it necessary to consult employee representatives when establishing an

[Andrew Jones]

advanced quality partnership or an enhanced quality partnership, as amendments 27 and 28, tabled by the hon. Members for Cambridge, for Nottingham South and for Scunthorpe, would require.

In most cases, a partnership is likely to lead to changes such as multi-operated ticketing schemes. Only in a very individual, particular set of circumstances will an enhanced partnership lead to changes for employees that could be similar to those arising from franchising.

Government amendments 3 and 4 would remove the amendments made in the other place. I hope on the basis of my explanation, and the Government's clear intention to support employee representatives speaking up on behalf of employees in an area where there will be changes, that the hon. Gentleman feels able to withdraw his amendments.

**Daniel Zeichner:** We were rather hoping that the Government would be minded to retain the parts in the Bill on employee consultation. It is disappointing that they feel the need to remove recognised representatives of affected employees from the list of statutory consultees when authorities are making advanced quality partnership and franchising schemes.

It seems a touch petty and perhaps an ideological dig at trade unions. I cannot imagine where in the Department that might have come from but I know the Minister is better than that, so I hope he might think again.

I do not understand why the Government think that local authorities should not hear from trade unions or other employee representatives when they are consulting on schemes that could have a profound impact on the local bus workforce. One thing that strikes me about the whole discussion about partnerships, which we all support, is how few people are actually aware of them in any area. Not many of my local councillors are aware of them. We have to dig deep to find that these wonderful partnerships already in place, so here is an opportunity to involve more people and to spread the word. The expertise of those frontline staff in providing the services is unique. I generally find that if I want to know what is going on, I talk to the people delivering the service on the ground. They often have a rather different take on what is happening, so if people want to know what is happening, go and talk to the drivers. Their expertise and their local knowledge is not, it seems, to be taken into account.

We are disappointed at the Government's removal of what seemed to us to be harmless and sensible provisions. When this was discussed in the other place, the Minister, Lord Ahmad, said:

"I agree that it is important that employee groups are consulted appropriately on proposals to improve local bus services. I agree particularly that significant changes to local bus services could well impact local bus industry employees, so it is only fair that they are given the opportunity for input in such circumstances."

He also said:

"I agree that employee groups and others affected by the proposals should always be consulted formally on franchising schemes".— [Official Report, House of Lords, 29 June 2016; Vol. 773, c. 1651.]

I appreciate we are extending this to the other forms of partnership, but the principle seems fairly clear.

Amendments 22, 27 and 28 are partly related to drafting issues. We think that amendment 22 corrects a minor technical error in the Bill and clears up what we think must have been a typo, because clauses 4 to 6 relate to franchising schemes but clause 4 refers to "advance quality partnership schemes". Amendments 27 and 28 would, in our view, simply tidy up the Bill and bring clauses 9 to 15 on enhanced partnerships in line with those on advanced quality partnerships and franchising. My amendment inserts into the section on enhanced partnership plans and schemes a requirement that a local authority or authorities must consult appropriate representatives of any affected employees.

**Huw Merriman:** Just so that I am clear on this: the hon. Member is expecting that local authorities would consult with the employees of an organisation where they are already employed by a non-local authority employer. This is not relating to municipals on that basis. If that is the case, surely that opens up a Pandora's box: whenever a local authority wishes to change a contractor for refuse services, it has to talk to all of the employees of all of the refuse companies. Where does this end? Where does this link to the desire to make the process simpler for local authorities? If this amendment were to be accepted it would make the process incredibly cumbersome.

**Daniel Zeichner:** I would not disagree that the processes are complicated. Our point is that if you are looking to redesign local services, who better to talk to than those that are actually involved in delivering them? I accept the hon. Gentleman's point that it does raise other issues, and I would agree that talking to the people providing those services gives us a better chance of getting the end system better, whether it is the provision of refuse services or any other services.

**Huw Merriman:** Is there not a danger that you spend a lot of time talking at great cost and actually delivering very little, which is exactly contrary to what we are trying to do with this Bus Services Bill?

**Daniel Zeichner:** When we are redesigning services that are going to have a major impact on people across a local area, it is certainly worth talking to people. Quite often, we are talking about representatives of people. It is a question of having one or two extra consultees, so I am not sure that it is a huge extra burden. My worry is that people who have the knowledge are being excluded from those discussions. My practical experience on the ground, as I already intimated, is that very few people know about these partnerships. The involvement of many more people would lead to a better outcome.

Amendment 27 refers to

"appropriate representatives of any affected employees".

That means representatives of recognised trade unions or employee representatives who have been appointed or elected by the affected employees. The amendments effectively make trade union representatives statutory consultees when a local authority makes enhanced partnership schemes. That is already provided for elsewhere in the Bill—local authorities bringing in advanced quality partnership schemes or franchising schemes must consult

with “appropriate representatives”. There is no reason why that should not also be the case for enhanced partnership schemes.

10 am

**Graham Stringer:** It is a pleasure to serve under your chairmanship for the first time, Mr Nuttall. I rise not to make a long speech, but to save you from telling me that an intervention on the Minister is too long—I suspect that such an intervention would be. I want to use these amendments to ask him on what principle he has decided what should be done at the centre—what should be the Secretary of State’s or Government’s decision—and what should be devolved.

We are on our third set of amendments. The Minister has argued that the Opposition amendments are otiose and too prescriptive and, in effect, that things would be better left to normal procedures. He said that traffic management would be better dealt with by current policies and that bus emissions schemes would be better left to local schemes. A number of amendments have been tabled—some by him—that take powers away from local authorities and give them to the centre, but he has also argued that some things should be left to local authorities.

This is a good Bill, which I want to support, even if the Government remove some improvements that have been inserted by the other place, as I am sure that they will. It will still remain a good Bill that I wish to support, but will the Minister explain what principles he is using to decide what should remain within his ambit and what should be devolved? At the moment, what has been devolved down and what has been left at the centre is very confusing, if not to say arbitrary.

**Andrew Jones:** There are a few questions to deal with. Let me start with the underlying principles. I agree that devolution has not been tidy over the past few years, but it has generally progressed from the ground up. I am a great supporter of devolution; we should trust people to make local decisions wherever possible. The hon. Member for Blackley and Broughton suggested that the principle was a little arbitrary, but actually, it comes down to whether there is governance and some kind of control. If we can ensure that we have governance and control, I am happy to see devolution progress. A further point could be accountability, which we might come on to during our debate on franchising.

I am all in favour of consultation with employee representatives when there are material changes to people’s working conditions. A franchising scheme would mean that, which is why we put employee representatives in that proposed new section in the Bill. That is unlikely to be the case for the simple, more structured partnership arrangements, which are about local authorities and bus companies coming together to agree and put forward a set of consumer offers.

**Lilian Greenwood:** I wonder whether the distinction that the Minister is making is right. Employee representatives clearly have a role and need to be consulted on issues that affect the terms and conditions of their members, but does he not accept the point made by my hon. Friend the Member for Cambridge? The people who deliver those services—the frontline workers in the

bus industry—have valuable expertise, so there is value in consulting them and seeking their view on operational aspects and not just the bits that might affect their employee terms and conditions. Does he not accept that there is value in gaining their expertise as part of the process?

**Andrew Jones:** Yes, I do accept that. I worked in business for 25 years before coming to Parliament. If changes are going to be made or if a company seeks to improve, the best thing to do is to talk to people and take them with you. I fully recognise that; doing so is good practice.

I would expect any authority developing partnership schemes to talk very widely. The whole point of partnership schemes is to get people to come together to decide on a set of customer benefits and deliver those benefits to put more people on buses. The authority will be free to consult as widely as it wishes—that is fine, I am all for it doing that—but in areas where terms and conditions change, we need to go further and make it mandatory. That is the difference between us on the Bill; it is not a big difference.

Is consultation a good thing? Of course it is. Are employee representatives at the heart of that? Of course they are, but where terms and conditions are changing, we need to make it mandatory.

*Question put, That the amendment be made.*

*The Committee divided: Ayes 10, Noes 6.*

#### Division No. 1]

#### AYES

Ansell, Caroline	Mann, Scott
Freer, Mike	Merriman, Huw
Green, Chris	Robinson, Mary
Jones, Andrew	Spencer, Mark
Knight, Julian	Tracey, Craig

#### NOES

Dakin, Nic	Phillipson, Bridget
De Piero, Gloria	Stringer, Graham
Greenwood, Lilian	Zeichner, Daniel

*Question accordingly agreed to.*

*Amendment 3 agreed to.*

*Amendment made: 4, in clause 1, page 6, leave out lines 8 to 16.—(Andrew Jones.)*

*See the explanatory statement for amendment 3.*

*Question proposed, That the clause, as amended, stand part of the Bill.*

**Andrew Jones:** One of the most interesting parts of the Bill is the proposal to see greater powers in the world of partnerships between the bus companies and local authorities. Clause 1 introduces new advanced quality partnerships, which build on the existing quality partnership schemes that were first introduced in the Transport Act 2000. Under the existing schemes, a local transport authority has to invest in bus-related infrastructure. That might be priority lanes, new bus stops or a bus station. Local bus operators that choose to use those facilities improve the quality of their services in return, so there is an offer from both the operators

[Andrew Jones]

and the local authority. Indeed, operators that do not participate cannot use the facilities provided by the authority.

Advanced quality partnership schemes have a broader scope. In addition to, or instead of, the provision of facilities, an advanced quality partnership scheme can include measures taken by a local authority that will help buses. It might use other areas within its powers as an authority, such as traffic management policies or parking policy. The new advanced quality partnership schemes can therefore include a wider range of requirements that operators must meet, including in relation to the marketing of services and tickets, the provision of information to passengers, and even smartcard requirements.

An advanced quality partnership scheme may be made only by an LTA or LTAs working together in England. The existing quality partnership scheme provisions will continue to apply in Wales, as will such schemes made by an English authority in conjunction with a Welsh authority where we are dealing with cross-border services.

This is an interesting addition to the range of powers available on a local basis. There is strong support of partnership arrangements in the bus sector. Indeed, I have travelled around our country a lot over the past couple of years looking at different bus arrangements, and good partnership working has been at the heart of progress. We have seen that right across the country. Clause 1 is a welcome addition.

**Daniel Zeichner:** There is much to agree on here. We understand the case that a bus service cannot be run without infrastructure around it and the co-operation of the local authority, so we strongly welcome the extra flexibility that the advanced partnerships will bring.

However, I return to a point I made earlier about the lack of understanding in the wider world about what is going on with these schemes. I was slightly troubled by the response to my questions to the Department about analysis of the success of existing partnerships across the country. There seems to be a certain vagueness about that, which may reflect the fact that the Department has many other things to work on. I appreciate that, but as we move on to create extra types of partnership scheme, it is useful to know what has and has not worked around the country before. I encourage the Department to do a little more research on that, as we process these schemes.

There is a question over who exactly will be come forward to use these advanced quality partnerships and the enhanced partnerships that we will come to later in the Bill. I divert back to the moving traffic issue. The hon. Member for Bexhill and Battle probably created the soundbite of the day when he referred to the many years spent talking about doing nothing. There is a further danger. It is clear to me that very few people in the wider world understand what the Government are trying to achieve here.

This is a worthy intention, and we support the Government's proposals on advanced quality partnerships. We are disappointed that they have not felt able to maintain the amendments made in the other place, but we appreciate that that is their role in life, and we strongly support advanced quality partnerships.

**Andrew Jones:** I have just a couple of comments. I agree that right across the country we are seeing good partnership working. I have seen it with my own eyes, and I also look at sales data that comes into the Department. The idea that the Department is ignorant of such matters is not entirely fair. I agree that knowledge of these things might be limited locally. I have no means of quantifying that, but I suspect that there could be some truth in it. The point remains that where there is good partnership working, we see more passengers on buses. I am not too worried about whether people know about the formal structures behind the scenes. I want to see the outcome of that planning and preparation, which is a stronger bus market that is growing in an area.

*Question put and agreed to.*

*Clause 1, as amended, accordingly ordered to stand part of the Bill.*

*Clause 2 ordered to stand part of the Bill.*

### Schedule 1

#### FURTHER AMENDMENTS: ADVANCED QUALITY PARTNERSHIP SCHEMES

*Question proposed,* That the schedule be the First schedule to the Bill.

10.15 am

**Andrew Jones:** The schedule contains only consequential amendments to the Transport Act 1985 and the Transport Act 2000 that are necessary for the effective implementation of the advanced quality partnership scheme provisions. They are technical amendments that will ultimately ensure that, once the advanced quality partnership scheme provisions are in force, the existing quality partnership provisions in sections 114 to 123 of the Transport Act 2000 will enable such schemes to be made only by Welsh authorities or jointly by English and Welsh authorities. The schedule also amends the Transport Act 2000 to require local authorities in England that make advanced quality partnership schemes to satisfy themselves that any adverse impacts on competition are outweighed by the benefits secured.

The amendments that the schedule will make are perhaps a little dry, but they are necessary.

*Question put and agreed to.*

*Schedule 1 accordingly agreed to.*

### Clause 3

#### TRANSITIONAL PROVISION

*Question proposed,* That the clause stand part of the Bill.

**Andrew Jones:** The clause automatically turns all existing quality partnership schemes made by English authorities into advanced quality partnership schemes. Such schemes may then take advantage of the new provisions and flexibilities of the advanced quality partnership schemes, but will not be obliged to do so.

**Graham Stringer:** Will the Minister tell the Committee how many quality partnerships the clause affects?

**Andrew Jones:** The clause affects all the existing quality partnership schemes. I do not have an exact number for the hon. Gentleman but, having seen some schemes in action, I am aware that there are good schemes all over the country. I could not give a precise figure without checking but it is into double figures. *[Interruption.]* Inspiration is now arriving in the form of a written brief that gives the answer as 10.

**Daniel Zeichner:** Double figures!

**Andrew Jones:** Yes, it is double figures.

Clause 3 is a small measure that makes transitional arrangements to turn existing quality partnership schemes into advanced quality partnership schemes. I commend it to the Committee.

**Daniel Zeichner:** A theme is emerging through these discussions. I return to my point about the number of these schemes and the understanding that exists across the country. While I entirely take the Minister's point that, for the bus passenger, the issues are whether the bus is running, the quality of the bus, the fares and all of the rest of it, my worry is that many of the people who should know a bit more about this locally—local authorities and local councillors—are probably unaware of what has happened in the past and what the opportunities might be in the future. I encourage the Department to talk more about these partnership schemes because, if we only have 10 across the country, that rather suggests that there are many areas that do not currently benefit from these schemes.

My part of the world in Cambridge is frequently cited as one of the good examples. Although I have robust conversations with my local bus company—we will perhaps come on to that later on—the relationship between the bus company and the local authority has helped deal with some very pressing issues over many years. That has meant that the traffic in Cambridge, although still grindingly slow, has not got any slower. I would suggest that the number of my local colleagues who know about how that has been achieved is relatively small. It is not talked about or discussed.

I think that there is a lot of potential to look at the good examples—and there are other good examples across the country—and make more of the opportunities that exist.

**Andrew Jones:** The hon. Gentleman and I will spend part of the day agreeing with each other, because I do agree on that point. Partnerships have been working—we have seen that. He has direct first-hand experience; I have direct first-hand experience from many visits around the country. My focus is on consumers—getting consumers on to buses—but his point about whether the partnerships are widely understood among passengers does not worry me.

Are the partnerships understood among councillors? That is potentially a little disappointing. Perhaps that builds slightly on the pithy phrase from my hon. Friend the Member for Bexhill and Battle. Councillors really should know if their local authority is engaged in a partnership. It would be surprising and disappointing if that were not the case. As a general point, we should all take the opportunity to talk up the bus market.

I have toured many bus conferences and local markets over the past 21 months or so and it has been very good fun. I see an industry that is changing rapidly—we talked about the low emission changes earlier—but I do not think the changes are fully understood and appreciated by customers. Perhaps people have excluded themselves from the bus market in recent years and are unaware of how things have developed to offer them a much better product.

Part of what we have to do is go round and encourage people to use buses and just try it. We have a “catch the bus” week organised by Greener Journeys every year; that has been successful and is growing in momentum. I have participated in that wherever I have been able to do so—and that has been quite a lot—and I support more of that work.

I agree about partnerships being the bedrock of a good marketplace. It is about customers, and if councillors do not know about these matters, they certainly should.

*Question put and agreed to.*

*Clause 3 accordingly ordered to stand part of the Bill.*

#### Clause 4

##### FRANCHISING SCHEMES

**Andrew Jones:** I beg to move amendment 5, in clause 4, page 15, line 11, at end insert—

“But each of paragraphs (b) to (f) has effect only if the Secretary of State by regulations so provides.”

*This amendment enables the Secretary of State to control the bodies, other than mayoral combined authorities, that may introduce franchising schemes. The Secretary of State must make provision by regulations before county councils and other authorities in England referred to in paragraphs (b) to (f) may be franchising authorities.*

**The Chair:** With this it will be convenient to discuss Government amendments 7, 17 and 18.

**Andrew Jones:** Government amendments 5 and 7 reinstate the original provisions of the Bill to require authorities that are not mayoral combined authorities to apply to the Secretary of State before they can consider implementing franchising. The amendments will mean that only mayoral combined authorities will be able to access the franchising powers automatically. Amendments were made in the other place to provide automatic access to franchising powers to all authorities, regardless of the seriousness of their intent or their suitability to take franchising forward. The Government's view is that automatic access to franchising should be available only to combined authorities with directly elected Mayors because combined authorities with Mayors, when established, will provide clear, centralised decision making for transport across a relatively wide local area such as a city region.

**Gloria De Piero (Ashfield) (Lab):** Selston is a rural parish in my constituency. People have to turn down jobs in Nottingham because there is no bus service to get them back at night, and an elderly gentleman cannot get back from his beloved Nottingham Forest on a Saturday evening if there is a late afternoon kick-off.

[Gloria De Piero]

Why would my constituents have to apply to the Secretary of State to control their bus services and routes when others would not?

**Andrew Jones:** The hon. Lady makes a point about the value of local bus services. I agree that many people rely on them. Some communities are connected only via buses in the world of public transport. We are talking about automatic access—franchising is a significant jump for an authority that wishes to go down that route. I am quite relaxed about who franchises. We have a suite of powers and the Government are neutral.

**Julian Knight (Solihull) (Con):** I wonder whether the Minister is familiar with the experience of the future mayoralty in the west midlands. The Mayor will give accountability to the process and, effectively, big decisions will be made at that level. Local people can therefore have a better input into what happens across the whole region.

**Andrew Jones:** I was coming to the point my hon. Friend has made and made very well. Mayors will have access to significant budgets, which they can commit to bus services if they wish, and will be responsible and accountable for a decision to move to a franchising model. This is a question not of some areas having fewer rights than others, but of ensuring that the governance arrangements are in place when making that significant jump.

**Bridget Phillipson (Houghton and Sunderland South) (Lab):** The Minister has talked about the accountability that comes with a Mayor. Can he also talk about the guidance that accompanied the Bill and why Cornwall is regarded as an exception? I welcome all areas wanting to take on powers for franchising, but I cannot distinguish a difference between the north-east and Cornwall. I cannot see why Cornwall should be looked on favourably whereas the north-east would not automatically have those powers.

**Andrew Jones:** I will certainly address that, but first I will finish answering the point made by the hon. Member for Ashfield. When a village requires a service but does not have one, local authorities have the power to tender for services and subsidise them. The point is to get more passengers on to buses to make buses a much more sustainable, financially secure mode of transport. That is at the heart of the Bill.

Franchising is a significant step and attracted much of the attention within the industry as we developed the Bill. My personal view, as I have said, is that partnerships are at the heart of the Bill. I can imagine some areas choosing to go down a franchising route, and they can do so if they wish—it could be appropriate in some areas, and Greater Manchester, for example, has indicated throughout that it wishes to go down that route. Other areas, even combined authorities with Mayors, have indicated to me that they would be unlikely to go down that route, but we are keeping the access to that route open. That is because we have Mayors with significant budgets, and they have the responsibility and accountability.

Other authorities, such as Cornwall, should be able to have access to franchising powers where they are well placed to make franchising a success and where they have a clear plan to benefit passengers. We want to ensure that franchising powers can be made available to authorities that have the ability, the powers and, importantly, the funding to make a success of franchising, and where franchising will benefit passengers. The amendments therefore enable other authorities to access the powers, with the Secretary of State's consent, on a case-by-case basis.

It will help the Committee if I set out in more detail how we envisage things working in practice—that might address the concerns of the hon. Member for Ashfield. Last October, we published a draft policy statement setting out the sorts of factors that the Government would take into account when determining whether to provide an authority that is not a mayoral combined authority with access to franchising powers. We are clear that the Secretary of State will not take the final decision on whether franchising powers proceed in these areas, nor will he review every last detail of an authority's plans. Our statement set out the core requirements that we consider are necessary to implement franchising successfully.

Our intention is that authorities that wish to secure the Secretary of State's consent to pursue franchising will need to demonstrate that they have five things in place. First, they must have clear plans to use franchising to deliver better services and outcomes for passengers—this is about passengers, not process—and explain why those outcomes could not be achieved through other routes. Secondly, they should have sufficient powers to make franchising a success. Those powers could include control over local roads and parking or planning. An authority may have those powers itself, or it could explain how it will work with other authorities that have them. That might include, for example, the creation of a key route network of local roads across different authorities but under one management organisation and decision-making structure.

Thirdly, authorities need to demonstrate that franchising can be put into practice across the geography of the area, explaining why the area that they propose is appropriate—that will obviously be with reference to individual travel patterns. Fourthly, they must be able to demonstrate that they have the capability and resources to deliver franchising effectively. We will be looking for evidence of successful delivery of complex projects, previous commitments to improving public transport, sustainable local investment in transport schemes, and robust plans to resource a financing system.

**Gloria De Piero:** May I ask about a basic principle? In principle, would the Minister prefer bus routes and times of services to be dictated or set by elected politicians or bus companies?

10.30 am

**Andrew Jones:** It is not a case of one or the other. There will be different models in different places—I am quite relaxed about that. We cannot say that one is better than the other. I can see areas where there is a route to franchising; Manchester certainly feels that that would work for it. There are other areas where we have partnership working already and the decisions are made by bus companies that are seeing passenger growth.

I want to continue to have innovative bus companies seeing markets and opening up routes to take advantage of those markets, marketing their services and developing a product that was not there before. I have seen that in my constituency. It is not one or the other, but a mixture of both. I see quite a complex market with different providers doing different things, but at the heart of that I see collaboration and co-operation, which effectively will be built into the partnership powers.

I was explaining the criteria that we will consider for franchising. The final one of the five is that the authority will need to demonstrate that it has effective decision-making and accountability arrangements for its decisions on franchising. That relates to a point that was made by my hon. friend the Member for Solihull. Those arrangements should be transparent to local people and a named individual should take the decisions—it could be the Mayor or a council leader. That is what is likely to demonstrate accountability most clearly.

**Lilian Greenwood:** I completely accept what the Minister says about local elected politicians having to take responsibility for their decisions, particularly if they move into franchising. However, will the Minister explain something that I do not understand? If Nottinghamshire County Council, for example, wanted to provide better bus services, why is that not a decision it could take? It is accountable to the electorate through county council elections and can make many decisions about the local authority services for which it is responsible. Why is the provision of bus services through a franchising model different from every other decision that the local authority might take and for which it is accountable in the normal, democratic way?

**Andrew Jones:** Moving to franchising is a fundamental change that will affect potentially hundreds of thousands of people. It is not something that can be entered into lightly. Any decision to move to franchising can only be reversed in certain circumstances. It is therefore right that people know exactly how the decision to implement franchising was taken and by whom, so that there is clear accountability for such decisions at the ballot box. The policy statement we have put out does not absolutely require a single person to take the decision to implement franchising. Authorities are free to suggest alternative approaches and explain why they believe that they offer sufficiently high levels of transparency to the public. We would, however, be likely to require some persuading that a complex structure would be an appropriate route. I am trying to keep things simple, with a line of accountability, rather than make anything more complex.

I do not want to give the Committee the wrong impression. The hurdles that we are talking about are not designed to be impossible. The Government are not seeking to put barriers in the way of authorities that wish to go down the franchising route. I am quite neutral about the different types of model they will have access to. This debate is about who has automatic access and who has a further set of questions to answer before they get the powers to do so. I have just been detailing the criteria for that.

I can see examples where franchising will work, but I am putting my thoughts into the views of local authorities, which is not exactly in the spirit of what the Bill is trying to do. I can also see areas where it will be inappropriate, which is again putting my views on the

matter. That is not what the clause is about. It is about having a suite of powers so that local authorities and bus companies can come together to put more passengers on to buses, so that buses are no longer the Cinderella part of public transport that they have been, as Members have suggested today.

**Lilian Greenwood:** I thank the Minister for giving way; he is being very generous. What is the balance between a local authority choosing to go down the franchising route and a local authority taking completely the opposite view? I looked at the Campaign for Better Transport report yesterday, which shows the impact of some of the decisions that local authorities have taken. Local authorities can choose to remove all subsidy from all supported services, which seems to me a huge decision, but they can do that without asking the Secretary of State whether it is okay, yet if they want to introduce a system to improve bus services, they have to leap over the Minister's five hurdles. It seems disproportionate that to improve services they have to leap over five hurdles, but to remove all subsidy from local authority provided bus services, no reference to the Secretary of State is required. How is that a fair balance?

**Andrew Jones:** The hon. Lady makes an interesting point. We all know that councils are under financial pressures. I was a councillor for eight years, which included financial responsibility during the financial crisis of 2008 and the years to follow, until I came here. The point is that where councils make investments to subsidise services, those will be targeted interventions, usually to meet a particular need. It could be to do with the village that the hon. Member for Ashfield highlighted, for example. We all know that that happens around the country.

However, if an area moves to franchising, it affects the entire market, not an individual route. It is a significant jump of enormous scale that affects hundreds of thousands of people, so we are looking at having greater controls before councils have access to those powers. That is all this is about. It is not about taking the view that they should not go down that route or putting up impossible hurdles. These are sensible measures that give authorities a realistic chance of effective delivery of a franchising model. They are simply sensible tests.

Amendments 17 and 18 will ensure that two cross-references in schedules 3 and 4 are correct. The relevant regulation-making power will be in new section 123A(4) of the Transport Act 2000. The amendments make that minor change and are technical in nature.

We have had a conversation about the principles of franchising and we have made the case very clearly that the Government support franchising as a model and recognise where automatic access is appropriate. We also recognise that such is the scale of the decision that further tests are required before authorities have access to those powers.

**Bridget Phillipson:** Will the Minister say a bit more about the timescales for bringing forward the regulations?

**Andrew Jones:** I will check out the timescales. Our intention is bring all this through as quickly as possible, because there are mayoral combined authority elections

[Andrew Jones]

on 5 May, I think. That is no more than a few weeks away and it will be appropriate to have these things in place. Timescales will obviously be involved in setting up franchising schemes. We have built notice periods into some of the provisions in the Bill. I will be able to get some more information for the hon. Lady in a moment.

**Bridget Phillipson:** I understand the point the Minister is making about the areas where the powers will be available automatically, but will regulations also be brought forward for areas that do not have a Mayor and that will require the approval of the Secretary of State to commence the process?

**Andrew Jones:** We expect that the regulations will only be made if they are needed to turn on that type of authority. It would require an authority to apply, rather than the other way round. If an authority applies to the Government and makes it case, we can take that forward. It is not a question of the powers being there automatically; they would be there on an on-demand basis only.

**Daniel Zeichner:** As the Minister has indicated, the clause takes us to the heart of the Bill. We strongly welcome the opportunity for combined authorities with a Mayor to move to a franchised system. It has been the call of bus campaigners, including myself, for many years for areas to be able to adopt the London model. Finally, there is a real chance to make it happen. I will come on to my objections to limiting that opportunity only to combined authorities with a Mayor, but I will start by making it absolutely clear that, for those areas to which it is being offered by the Government, we want to ensure that it actually happens. As the Minister has indicated, with mayoral elections only a few weeks away, this is a key issue.

Those who have read the guidance closely have been alarmed by phrases such as the need to make “a compelling case”. The worry is that there will be opportunities, once again, to frustrate such schemes before they are brought to fruition. I certainly welcome the assurances given by the Minister on Second Reading when he was pressed on this point. I think he will probably assure us again this morning that he does not wish to put any hurdles in the way. That will be strongly appreciated by those who have done the devolution deals and expect the promise to be honoured.

Moving on to whether franchising should be available to other authorities, it is clear that Members of the other place felt that it should, hence their amendment. The amendments before us would enable the Secretary of State to control the bodies, other than mayoral combined authorities, that may introduce franchising schemes. They require the Secretary of State to give consent for such a franchising authority to take the preliminary step of preparing an assessment.

We have made no secret of the fact that we believe powers to franchise bus services should be available everywhere, partly for the reason raised by my hon. Friend the Member for Ashfield. Across the country people find that bus services are disappearing and that they are left completely isolated. Figures from the Campaign for Better Transport, year on year, show that more and

more councils are unable to support services in key areas. People’s hopes are being raised by the possibility that something can change.

I am sure Ministers would say that resources cannot be created out of thin air, but many of us would argue that there are resources in the system and they could be applied more comprehensively. That is what authorities are looking for—to be able to use levers that are not currently available to help people who are not able to get to their local town to watch the football, do the shopping and all the other things that people need to do.

**Gloria De Piero:** May I make a point about rip-off bus fares from private companies? I have a constituent who travels from Eastwood to West Bridgford, which is a journey of about 11 miles. She works in administration and earns about £15,000 a year. It costs her £9 a day to get to work and back. That sort of rip-off bus fare is why it is important that local politicians have some say over the bus services that companies are providing.

**Daniel Zeichner:** My hon. Friend is absolutely right. We heard a series of examples on Second Reading from across the country. That might come as a surprise to people who live in London, where we can travel across the city for a flat fare. Even though it went up considerably under the previous Mayor from a decade ago, it is still extraordinary value compared with the rest of the country.

I have to pay far more to go one stop when I am in Cambridge in an unregulated area than I do in London. That is why the London scheme has attracted people for so long. The opportunity to regulate the system has produced a better outcome. It is no wonder that citizens across the country are demanding parity.

**Bridget Phillipson:** On Second Reading, an unhelpful distinction was made at times between urban and non-urban areas. In an area such as mine, which is largely urban, albeit with some semi-rural areas, the bus service is appalling and holds back jobs. It affects people getting to work, businesses and a range of investment across the region. Government Members appear to think that everything is rosy in all urban areas. In a lot of urban areas, the service remains very poor with high fares. As is the case in the constituency of my hon. Friend the Member for Ashfield, it can be very expensive for people who are often on low wages.

10.45 am

**Daniel Zeichner:** My hon. Friend is absolutely right. That is why there is so much hope attached to the Bill and to the idea that we can go back to having a comprehensive local public transport system that delivers for people. The truth is that we have had a 30-year experiment with an unregulated market, the end result of which is exactly as my hon. Friends describe. This a chance to move forward. In some areas the Government are responding, but in many other parts of the country, it looks as if the hurdles will be too high.

The Minister talked about local decision making and accountability, saying that the Bill is about enabling new opportunities and giving local authorities new choices on how to improve their services. However, as has been said, taking the decision out of the hands of local

communities and putting it squarely in the Secretary of State's hands does not seem like localism to us. It seems particularly peculiar that a local authority must seek consent before taking even the preliminary step of preparing an assessment of a potential franchising scheme. How on earth can a local authority present a compelling case to the Secretary of State to gain approval if they are prohibited from even assessing a scheme?

We understand the Government's point that strong governance and accountability are key to making franchising a success, along with a commitment to improving transport and to a coherent economic geography. However, we do not understand—my hon. Friends have made this point well—why the Government believe that those things can only be achieved with an elected Mayor. Why are Mayors seen to be more accountable than other elected local authority leaders?

I turn again to my personal experience, because for some reason Cambridgeshire seems to be at the heart of many of these issues. In my area in a few weeks, we will have elections on the same day for a Mayor of Cambridgeshire, who will have powers to franchise buses, and for a county council for Cambridgeshire, with a leader who does not have powers to franchise buses. A great irony is that the current county council leader put himself up for selection for Mayor and made the final shortlist. Therefore, in a few weeks' time we could have had the same person being elected on the same day to two roles, one of which one would be deemed sufficiently accountable to franchise whereas the other would not. I am not going to tease the Minister by pressing for a reasonable explanation.

**Julian Knight:** The hon. Gentleman seems to suggest that all the power rests with the Mayor. In the West Midlands combined authority, the Mayor is effectively first among equals. The leaders of all the councils who make up the authority have a say in decision making.

**Daniel Zeichner:** Surely that is the case in other places as well. In my area the leader of the county council, who is a Conservative, has been elected and the choice will be made again in a few weeks' time—however, we shall see what happens in the local elections. I think the local electorate are confused about the situation, based on my experience of what we are seeing on the doorstep, but I think the Minister can see the point. For many people it seems irrational to have so much invested in the mayoral issue.

In reality, we all know what is going on: franchising is being used as a bargaining chip to convince some combined authorities to accept a Mayor that they do not necessarily want as part of their devolution deal. Without going into the chequered history of those negotiations over the past year or two, one could say that they have not always been easy or straightforward. We think that the approach being taken is wrong, which is why we oppose it. Beyond that—this goes back to the points being made by my hon. Friends—the trouble is that what is happening denies bus passengers in many areas the prospect of better services.

**Scott Mann (North Cornwall) (Con):** In Cornwall, the proposals are seen as very positive. Our local authority have made positive noises about the opportunities that

they could present. The hon. Gentleman talked about some of the mayoral authorities in Manchester but in areas such as Cornwall, the bus network has degraded over a number of years, and this presents us with a real opportunity to provide a proper rural service.

**Daniel Zeichner:** We do not disagree, but we do wonder. The hon. Gentleman will say that Cornwall is very special, and clearly something very special has happened. Some authorities seem to get different treatment from others. Our point is that everyone should be able to take advantage of the possibilities that such a system brings.

We have seen that it can work in different circumstances. The experience in Jersey, for instance, has shown that franchising can be successful if, to use the terminology, it is applied to a relatively wide local geography. Jersey has seen impressive results from franchising, including a 32% increase in ridership since 2013. Customer satisfaction has also increased, and a partnership has developed between estates and the operator.

I know that some say that franchising destroys competition, but we say no. Far from it: it moves competition from on the road to off the road. As we all know, in too many areas of the country, competition has ceased to be meaningful. Over many years, powerful operators have driven others out. We understand why they do not want that situation to be challenged—it is perfectly rational from their perspective—but on behalf of passengers, we know that it must and should be challenged. This is a key way to make it happen.

Small operators have made strong representations to many of us. They are clearly concerned about the possibility of being squeezed out. I am not sure that there is any reason why a franchise system would not benefit from a range of operators, including small operators. If it is to work over time, it absolutely needs a range of operators, or we are back to where we started.

I understand why smaller operators feel alarmed, but they are vulnerable the whole time to much more powerful bigger operators—I think we know who I am talking about—that could move in on them at any point. We do not want to return to a system in which we have an ossified estate across the country with very little competition or choice, and where the poor person stuck at the bus stop in Nottinghamshire feels not only that there is nothing they can do but that there is nothing anyone else can do on their behalf to change the situation.

**Bridget Phillipson:** I would like to illustrate the point that my hon. Friend is making about the north-east. The then Competition Commission referred to geographic market segregation in the north-east. The competition that was promised to follow deregulation has never materialised. There used to be lots of small operators, but they have long since vanished, the big operators having pushed them off the road. The competition that we were promised does not exist in the north-east; it certainly does not exist in my community. We need only look at the routes offered by operators to understand the market segregation. Any improvement would be welcome.

**Daniel Zeichner:** I agree with my hon. Friend. I am sure that the Minister is familiar with many of these arguments.

[Daniel Zeichner]

We reject the Government's amendment to limit local councils' powers to improve bus services for passengers. However, despite that—much of the debate on this clause has concentrated on the issue of whether franchising should be available to other parts of the country—I return to the positive point that we want those mayoral combined authorities that were promised franchising powers to have them at the earliest opportunity, just a few weeks from now. We are disappointed that the Government are seeking to overturn our extension of franchising powers to all authorities, but we will not frustrate the process or do anything that could delay the handing of those powers to the mayoral combined authorities that have been promised them.

**Bridget Phillipson:** It is a pleasure to serve under your chairmanship, Mr Nuttall. Like my hon. Friend the Member for Cambridge, who speaks from the Front Bench, I welcome the Bill and the measures that it introduces. I have spent a lot of time in my seven years here campaigning on bus issues due to the local problems that we face. Any changes to the current system are to be welcomed. I wish areas well with the automatic powers, as they proceed in improving services for local people. Of course I want that for my community, too. Although I understand the Minister's point that the steps that he described in the process are not intended to be hurdles too difficult to overcome, I hope that the Government will remain committed to delivering that.

Change has been a long time coming, and hopefully we are now getting there, but I hope that the Minister and his colleagues will see the measures through, particularly in areas such as the north-east. We have a combined authority covering seven local authority areas, with an integrated transport authority. We have Nexus, which the Minister will know has other powers, such as the operation of Tyne and Wear metro. We have an extensive network that in many senses works well. What we do not have is the powers we need to make sure that bus routes serve the needs of local people. That is not simply about making it easier for people to get around—although that would be wonderful, because it is not often very easy, frankly, to get around on local buses in my constituency—but if we are to thrive as a region and if we are to create the jobs and support the businesses and the growth that we all want to see, we need a transport network that allows that to happen. In too many parts of my constituency, where buses are the only means of transport, that is incredibly difficult.

To give one example, Doxford international business park in my constituency houses thousands of employees with many big international firms. I frequently visit businesses there, and employees, many of whom are shift workers, often tell me that it is incredibly difficult to get a bus after 8 or 9 o'clock. That holds back investment and makes it difficult to retain staff. Although the transport authority is looking at proposals to extend the Tyne and Wear metro, as I know my hon. Friend the Member for Cambridge is well aware, in the short term we need bus services that will allow people to get to work readily and inexpensively, which is not currently the situation.

On Second Reading, many of us talked widely about the failure of deregulation and the fact that it did not deliver on its promises. I will not dwell on that, other

than to say that, in the case of the north-east, on every test that was set out for deregulation back in the 1980s, deregulation has been an unmitigated disaster and has had the reverse effect to the one intended. More than 30 years on from all we were promised about greater efficiency, lower fares and greater passenger numbers, the opposite has happened in the north-east. We have got less competitive services that are less efficient, more expensive and less convenient for the people I represent. Of course, it has given operators the freedom to do exactly what they like, when they like, at a time when we put tens of millions of pounds into local bus services.

Operators receive significant taxpayer subsidy with little accountability, and when things go wrong and operators cut routes arbitrarily with little notice, often affecting the most vulnerable in our community, there is no recourse. We can have dialogue with the operators—I meet them regularly to make the case—but ultimately it is an entirely commercial decision over which local people have no say. It is a source of real frustration that when minor changes to routes can result in local people being cut off from hospital services, GP appointments and the ability to get to local shopping facilities or schools, the operators can say, "We've heard what you had to say; unfortunately, we are pressing ahead regardless," and there is no opportunity for local people to influence that in any meaningful sense.

We are talking not simply about routes that are unprofitable, but usually about the fact that they are not profitable enough. Outside London, big operators such as Stagecoach have made considerable profits, far greater than they make in London. I do not seek to deny operators the right to make a profit. My point is that they make a decent profit in areas such as London under a regulated service; they could do the same in the north-east. The profit margins would perhaps not be quite as high and would not be the double digits that they are used to—no one would seek to stop them running a competitive or profitable service—but if we are going to give them significant taxpayer money, the least we can expect is that they take on board the concerns of local people and use that wisely.

**Julian Knight:** The hon. Lady is making a very good speech and I sympathise in many respects about the lack of accountability when bus service routes are cut; my constituency has suffered in the same way. Does she agree, though, that this is almost an argument for combined authorities and Mayors, with their buying power, and the idea that they can bring these companies to heel, through their powers and through the threat, for example, of removing the franchises?

**Bridget Phillipson:** The inconsistency in the Government's approach is the patchwork way in which they have brought about these different devolution deals. From what the Minister had to say earlier, I am still none the wiser, really, why Cornwall presents an exceptional case when an area such as the north-east does not. We have a combined authority; what we do not have is a Mayor. I believe there should be accountability and that can come in many different forms. In the west Midlands, it will come through the election of a Mayor; in the north-east, it was a widely held view that a Mayor would not offer that same accountability and there was not broad support for a Mayor covering such a big region. However, we do have a combined authority and

an integrated transport authority, and we have the structures in place that will make franchising work and give local people the confidence that there will be accountability in the process. That will differ, but I have difficulty in understanding why different models are acceptable in different parts of the country, other than for the obvious political reasons that spring to mind.

11 am

**Scott Mann:** In terms of Cornwall and what is being raised at the moment, I want to be clear. Do you have a devolution deal for your area?

**The Chair:** Order. We cannot have that conversation.

**Scott Mann:** I just think it might be relevant to know whether you have one. Cornwall does already; that might be the reason for the position that we are in.

**Bridget Phillipson:** Yes, the north-east has a combined authority. It has gone through the process of further devolution. The sticking point was the Mayor. As I understand it from the Government's guidance, the difference with Cornwall is that bus franchising was agreed to as part of that devolution deal. Unfortunately, that was not on the table for the north-east. I wish Cornwall well and am glad that it will have those powers. I ask only for a bit of parity, so that we in the north-east get the powers that Cornwall will enjoy. That is symptomatic of the Government's patchwork approach to devolution, which is borne out not by different local circumstances, but often simply by reaching convenient deals depending on the politics of the situation, rather than ensuring that the best service is delivered for all people.

I ask the Minister to talk a bit more about the difference in approach, because I do not fully grasp why the north-east should not have those powers. Though I take on board his point that unnecessary hurdles should not be put in the way, I am concerned that, to start the process, we will require that approach from the authority. If that case is put forward, I hope that it will not be something that the Department and Ministers seek to frustrate, because the issue is important for the people I represent.

This is a welcome step. Bus services are incredibly important for our country. We mention them too little, although I have tried to play my part in the past few years in talking about them at every given opportunity. The people I represent have only buses to rely upon; they have no access to rail or light rail. Getting this right, and having a system that is fair and works for everybody, is absolutely vital. I hope that Ministers are sincere in their commitment to ensure that areas that seek out these franchising powers will be able to do so, that their case is considered carefully and seriously and that we do not seek to frustrate a process that would lead to real benefits for areas such as the north-east—and not simply in terms of individual routes or services. If the Government are genuine in their commitment to create the so-called northern powerhouse and to see areas such as the north-east thrive and reach our economic potential, we need these powers to deliver real change. We need to link buses to other forms of transport so that we can have tickets and fares that work across all operators, which we do not have at the moment. We need routes where local people can have a say.

The Minister talked about investment in lower-emissions vehicles and has talked previously about investing in smart ticketing. Again, I welcome those steps; but were it not for significant taxpayer investment, that would not have happened in areas such as the north-east. Some of the smart-ticketing schemes that he has come to see in Tyne and Wear came about through taxpayer investment. I welcome that, but bus operators will rarely do these things out of the goodness of their hearts. Where we have significant investment from the taxpayer, it is right that we ensure there is value for money and accountability. I hope that I can work with the Minister and others in the region to get the best possible deal for the north-east, that he looks carefully at what the transport authority may wish to put forward in the months ahead and that we can reach a solution where local people get the service they need and our economy is supported to grow.

**Graham Stringer:** I agree completely with my two hon. Friends. I will try not to repeat the excellent points they have made. I have a nuanced difference with my hon. Friend the Member for Houghton and Sunderland South when she says that the objectives of the Transport Act 1985, which deregulated buses, were the same as the objectives under discussion today. I have been around long enough to have talked to the people who advised the Government and drafted the Bill that eventually led to deregulation, and there is no doubt that they were ideologically driven. They had no idea what the outcome would be when they proposed the deregulation process. They had a belief, which has turned out not to have come to fruition, that if we had competition on the road, that would lead to a better outcome.

The evidence that I, as a member of the Transport Committee, have seen and individual right hon. and hon. Members will have seen—this is worth bearing in mind during the whole debate—is that over the 31 years that it has been there, the deregulated bus system has been a disaster for many bus users. It will be possible to find small instances up and down the country of bus services having improved, but in the overall scenario there has been a dramatic fall.

It is worth considering how we got to the current hotch-potch of schemes. The Government, in the form of the right hon. Member for Tatton (Mr Osborne), who was then Chancellor of the Exchequer, wanted elected Mayors as part of the drive to get the economic potential out of our major urban regions, which have been neglected since even before bus deregulation took place. By and large, most councillors whom I know do not like the idea of elected Mayors. It is not a fashionable thing to say at the moment, but I agree with the right hon. Member for Tatton that elected Mayors are an improvement in the democratic process, because they provide a focus for accountability. However, should that really be the only criterion that we use to determine whether locally elected people can have the powers to improve their bus services? I think that it is a very odd criterion to use. The six areas that have got the powers have done that deal—they have negotiated with the Government—and we have ended up in the situation we have. In supporting the Bill, I respect that deal, but it does allow us, during this debate, to reflect on what we are losing or not gaining during the process.

[Graham Stringer]

We are losing the opportunity genuinely to devolve powers and improve bus services. If only the Minister, who is a completely reasonable man, had been there 31 years ago, we might not have ended up in this situation, in which he has to defend centralism in the name of devolving to authorities.

I listened carefully to the five points that the Minister made which local authorities that want the powers will have to observe. I ask him whether any council or councillors who wanted to re-regulate buses via a franchising system would not have to follow those rules anyway. Would they not have to show that they had the necessary resources and that there was clear accountability? Would they not have to consult? Would they not have to know what area they were dealing with? Would they not have to have an effective decision-making process and to show that the plans were sustainable? If they did not do that, they could be challenged in the courts.

The reality is that it is not just councillors who do not like the idea of elected Mayors. The bus industry does not like the idea of franchising. It is not that we are losing competition—the fact is that the large companies are operating without competition in many areas. The measure introduces competition off-road, probably more efficiently and effectively, and the bus companies do not like it.

If an authority that has been granted the powers to bring in a regulated franchise system does not follow the rules, the bus companies would be straight in front of the courts claiming that councillors had not carried out their proper responsibilities or their fiduciary duties and there would be a judicial review. I have talked to bus companies, which have been looking at the Human Rights Act 1998 and all sorts of ways to try to stop this process. In a sense, the Minister is making bricks without straw.

I do not think that the reasons that have been given are good enough to carry on centralising. Another belief underlying the Bill is that somehow elected politicians and officials at a central level are somehow more competent and effective than elected councillors and officials at local level. Can the Minister give evidence of that?

If we look at the huge mistakes that central Government have made—I could just go through different computer schemes without looking at other areas—it is extraordinarily difficult to make the case that centralism works better than localism. This is not a party political point; it is a point about decentralisation. I have been around local government and central Government long enough to know that there are enormous differences in quality at both levels. Some councillors, to put it politely—I could use offensive words—are not as effective or as good as they could be. I have also met Ministers and civil servants at a national level of whom the same could be said. In principle, it is better for people closer to the ground to be able to make those decisions. We are where we are in the negotiations, but if the Minister is serious about devolution, that is where we should end up.

If this is really a Bill about devolving power, will we end up with more civil servants working on these programmes? There are pages and pages of guidance. If we ask for all sorts of consultations that would happen

at a local level anyway, are we not just switching resources in a wasteful way to central government? I know why we are where we are on this. There was a negotiation to get what local authorities in certain areas knew they needed—better bus services—and the objective of the then Chancellor of the Exchequer was, as he saw it, to improve the structure of local government to make it more economically dynamic.

The Bill allows us to shine a light on what has happened in the bus industry, which has lost two-thirds of passengers in urban areas. By allowing decisions to be made locally, we could achieve a more immediate improvement in bus services in all parts of the country. If the electorate's representatives want it, presumably it would mean that the electorate in those areas want it. There may be some areas that do not want it, but that should be a local matter.

11.15 am

**Andrew Jones:** There are many points to reply to, but I want to highlight some data about bus usage. This is to challenge the assumption that somehow in the mid-1980s—I am not quite sure when it was but the hon. Member for Blackley and Broughton was very generous: I was either at university or working for B&Q—that precipitated a decline in the bus industry. I just do not think the evidence supports that.

If we go back to the 30 years prior to deregulation in, say, 1985, between 1955 and 1985, the number of passenger journeys fell by 2% per year, from 15.5 billion a year to 5.5 billion. Since deregulation—and I accept that numbers have continued to fall—it has fallen at an average rate of 0.2% per year. On the idea that deregulation was the cause, those responsible for deregulation would probably argue that they stopped a precipitate decline. We should not get too worried about archaeology; we should be more concerned about what we can do for the future.

**Gloria De Piero** *rose*—

**Graham Stringer** *rose*—

**Andrew Jones:** Oh my goodness, I thought I was being helpful.

**Gloria De Piero:** Does the Minister know the figures for London? I am just interested.

**Andrew Jones:** No I do not, but I am sure they are available if we go and check. I was only trying to clarify something and provide extra information to help our debates.

**Graham Stringer:** I can possibly help the Minister on this point. I was referring to a number of Transport Committee reports that pointed out what he said: the bus industry was in decline because we had cheap petrol and for all sorts of other reasons. However, a straight comparison can be made from 1985 to 1999 between London—regulated—and the rest of the country. The lines went in the same way, but when the regulated system, without subsidy most of the time, was left in London, passenger numbers remained the same, whereas passenger numbers in the rest of the country went into sharp decline.

**Andrew Jones:** I am aware we are seeing different trends in London and in cities, but London has extraordinary and acute transport needs. Planet London is quite different from many other parts of our country.

I will address some of the points that have been made. The hon. Member for Houghton and Sunderland South spoke with great passion about the importance of buses in her area. We agree on this matter. In the north-east, there was a challenged attempt to get a quality contract in place, and a lot of resource went into that. However, the legislation was cumbersome and nobody managed to achieve it, so we will repealing it as part of this process.

The question that arose in a number of places was whether we are approaching this with good faith. I can confirm that we are. We are not seeking to put barriers in place. I have met Nexus on a number of occasions and I support its positive ambitions for the area in the metro and on buses. Our door is open, should it wish to take that up.

We have heard a bit about the very interesting bus market in Cornwall. Apart from living in an important and beautiful part of our country, people have a real passion for their bus market, as my hon. Friend the Member for North Cornwall said. The authority will not have automatic access to franchising powers, but it is a good example of an authority that the Government would consider to be highly likely to demonstrate the factors we discussed. It is a unitary authority that covers a wide geography, with the necessary wider powers to improve bus services. It has a good track record of delivering projects, and it would be free to apply to the Secretary of State, just like any other authority. Is there parity between the north-east and Cornwall? Yes—both are free to request that the Government introduce regulations for that category of authority, if such regulations are not available at the time, then go further to seek the Secretary of State's consent to proceed with franchising powers.

**Bridget Phillipson:** I am grateful for and appreciate the Minister's earlier comments, but may I refer him to the guidance that accompanies the Bill, of which he is no doubt aware? It guidance makes it clear that during negotiations with the Government, Cornwall made a strong case for franchising powers and, as such, the Secretary of State is minded to grant them. Although Cornwall can go through that process should it wish to do so—I wish it well if that is its approach—the north-east does not have that same commitment, so although what the Minister says is right, there is a subtle distinction between the two areas. I welcome what the Minister has said and I look forward to the north-east being granted similar consideration.

**Andrew Jones:** The door will most certainly be open. We do not seek to put barriers in the way. The whole point about the Bill is that it is an enabling one. My last conversation with Cornwall suggested that it probably would not go down the route of franchising, so it may not seek to make an application to the Secretary of State. However, it has done something interesting with its bus market, which is why Cornwall gets a lot of

attention. A partnership has been established with the primary local provider in Cornwall—FirstGroup, I think—which has changed networks and routes and co-ordinated services. We are seeing the company invest in a new fleet, and patronage on the bus network has grown and the market has become profitable. Cornwall is an interesting example of what can be achieved by working together, which is why the authority is often discussed and held up as a poster area for the marketplace. Interestingly, it is using some of the powers in the Bill before we have got to the Bill, but not necessarily in the franchising area.

**Lilian Greenwood:** Does the Minister not believe that the fact that Cornwall would potentially have the use of franchising powers may have assisted it in the partnership negotiations? The very fact of having access to powers can be enormously important in assisting an authority, perhaps in getting a bus company to listen in ways it would not otherwise do.

**Andrew Jones:** That is a possibility, and it would, of course, be a possibility that would exist absolutely everywhere.

**Lilian Greenwood:** Not if there are no automatic franchising powers.

**Andrew Jones:** Cornwall does not have automatic franchising powers, but it could apply for them in the same way as all other authorities. That goes a bit towards the national versus local capability that the hon. Member for Blackley and Broughton mentioned.

My general view is that we should support localism. We stand a better chance of a good delivery of a service to solve a local problem if the decision is made as near as possible to the point at which the service is delivered. The service would be tailored to the local need. That should be a basic principle, but does it lead us to question the criteria? No, because the criteria for the introduction of franchising are significant—this is a significant step. They are safeguards; it is not about putting barriers in the way but about ensuring that everything is fit for purpose in order to proceed. The key point is that we do not want to stifle investment by the bus industry, and that could well happen if an authority attempted to pursue franchising under automatic powers without delivering it. Once a category of authority has the powers, there is a permanent risk of its deciding to use them, whatever a court may ultimately decide. It is a question of getting the balance right and getting the safeguards in place without making them onerous hurdles.

The hon. Member for Cambridge said that there is hope attached to the Bill. Yes, in some ways there is. People want buses. It is a good thing. I have to say that I have been pleased to see how the industry has received more retention, not just among the big operators but from some of the smaller ones—

11.25 am

*The Chair adjourned the Committee without Question put (Standing Order No. 88).*

*Adjourned till this day at Two o'clock.*

