

## David R Northover

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**From:** David R Northover  
**Sent:** 15 December 2016 13:43  
**To:** County Councillors  
**Cc:** Andrew D Shaw; Mike J Harries; Matthew D Piles  
**Subject:** Clause 21 of the Bus Bill - Opportunity for Member representation  
**Attachments:** Clause 21 note for CC.docx

**Importance:** High

Dear Member

The Bus Subsidies Working Group met on 29 November. As part of its discussions, the Group took the opportunity to consider – on an informal basis - the motion by Councillor Ros Kayes on Clause 21 of the Bus Bill, in advance of it being reported to Economic Growth Overview and Scrutiny Committee for their consideration at their meeting on 25 January 2017. The motion encourages the County Council to play their part in influencing how this Bill proceeds and on what basis this should be.

In light of the fact that the Bill is progressing through Parliament, the Group considered it necessary to do what could be done, whilst there was the opportunity. The Group asked for a position statement setting out the facts about how Clause 21 would affect the County Council's ability to manage its own passenger transport arrangements as it chose and saw fit. As it stands, Clause 21 would limit local authorities options on how they were able to proceed in managing these arrangements and determine the grounds on which services were able to operate.

**The attached note sets out those facts and what these entail and members can make a judgement on their merit. Should you wish, the note can be used as a basis to make any representation you consider appropriate, in your own right, direct to your respective MP as a means of influence.**

Any endorsement, or otherwise, of those representations made could then form the basis of a recommendation to Economic Growth Overview and Scrutiny Committee at the its meeting on 25 January to formalise the Council's view in any subsequent submission to the Secretary of State.

I hope you find this a constructive and pragmatic means of progressing matters.

Many thanks

David

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## **Bus Services Bill: Clause 21**

The Bus Services Bill on its first reading, including at clause 21 a prohibition on Local Transport Authorities (LTAs) from setting up new bus operating companies. Clause 21 has been voted down by the House of Lords but this could be overturned in the Commons.

Clause 21 is one of the more controversial aspects of the Bill. The Government's contends that the same LTA that is specifying services should not also own an operator which can then bid for those services. However, this would conflict of interest only applies under the franchising model, which is likely to be introduced by a small minority of LTAs. Mandating an arm's length relationship between the operator and the LTA should do much to manage the real or perceived risk of unfair competition.

In the event that clause 21 is included in the final legislation it would not affect the public services currently operated by Dorset County Council, which are provided under its own operator's licence and in accordance with sections 19 and 22 of the Transport Act 1985.

There are a small number of LTA owned bus companies remaining. A key difference between commercial bus operations and the remaining LTA operations is the ability to cross-subsidise; using surplus income from well-used routes to support those that are less well-used. Where LTA provided services are intended to create a surplus they must be operated through an arm's length company. Clause 21 prevents any new operations of this sort being set up.

Whilst the county council has no current plans to set up such an operation it could become a desirable option under the new local government structures that are being developed, for example in the event that existing operators failed or were not prepared to operate services that the council considered to be necessary. Clause 21 would remove that option.

