

Officer Briefing note on Quality Contract Schemes (QCSs)

- Powers granted to local transport authorities (LTAs) under Transport Act 2000 and amended by Local Transport Act 2008;
- The Department for Transport has published statutory guidance on QCSs.
- No LTAs have “made” a QCS yet but North East Combined Authority has submitted its proposal to a QCS Board (see below) and West Yorkshire Combined Authority has done much of the preparatory work;
- Under a QCS, an LTA (or more than one) determines what bus service network should run in a specified area, including routes, frequencies, timetables, fares and ticketing, type of vehicle etc, for maximum period of 10 years;
- LTA carries out competitive tender for contracts for routes (or groups of routes);
- Full Oyster-style ticketing is possible because one body controls the ticketing and revenue;
- No other bus services may be operated in the QCS area except with permission of the LTA – exemptions may be granted for cross-boundary services etc;
- QCS must meet five specific “public interest” criteria as follows
 - (i) it will result in an increase in the use of bus services in the area to which the proposed scheme relates;
 - (ii) it will bring benefits to persons using local services in the area to which the proposed scheme relates, by improving the quality of those services;
 - (iii) it will contribute to the implementation of the local transport policies of the LTA;
 - (iv) it will contribute to the implementation of those policies in a way which is economic, efficient and effective; and
 - (v) any adverse effects of the proposed scheme on operators will be proportionate to the improvement in the well-being of persons living or working in the area to which the proposed scheme relates.
- Consultation must be carried out with bus operators and bus users;
- The detailed QCS proposal must be assessed by an independent board appointed by the Senior Traffic Commissioner. This QCS Board would consider whether the public interest criteria have been met and would publish its opinion. Its findings are not binding on the LTA but would be material in event of an appeal by affected bus operators.
- In certain circumstances, bus operators have a right of appeal to the Upper Tribunal against a decision to make a QCS;
- In both the North East and West Yorkshire, bus operators have proposed voluntary partnerships as an alternative to a QCS.
- There are big risks to LTAs:
 - (i) Incumbent operators may decide not to tender for contracts and close down their operations in the area (as threatened by Stagecoach in NE);
 - (ii) Significant financial risk if fares revenue does not meet target and fails to cover costs of contracts;

- (iii) Contract costs could be high if operators price in the cost of extra resources (staff & vehicles) to meet high punctuality targets;
 - (iv) Set up costs and ongoing management costs to be met (estimated £1m set up and £1m pa management for NECA scheme);
 - (v) Likely legal challenges from big operators.
- In B&NES, there are 117 registered local bus services. Discounting 7 National Express services, 2 tour bus services, 1 racecourse service and 18 school/college services, there are 89 bus services operating on a variety of frequencies between once a month and every six minutes. Most of these cross the B&NES border (17 to Bristol, 8 to South Glos, 5 to N. Somerset, 11 to Somerset and 17 to Wiltshire – note that some serve more than one neighbouring area). There are only 33 bus services that run entirely within B&NES so a viable QCS is likely to require co-operation from at least one neighbouring authority.

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