

The Issue and Use of Section 19 and Section 22 Permits for Road Passenger Transport in Great Britain – Implications for Community Transport Schemes within SSDC

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Purpose of the Report

1. The Department of Transport (DfT) are proposing to change how Community Transport (CT) operators who operate tendered contracts are licenced. If implemented this will impact on the viability of these schemes and there is a need to highlight to the DfT the significant implications for rural areas should these changes be applied.

Forward Plan

2. This report did not appear on the District Executive Forward Plan. The Department for Transport did not announce their intention to change their interpretation of sections 19 & 22 until 31st July. Two of the principal community transport operators in South Somerset have indicated that the proposals will have a significant detrimental impact on their schemes and have sought Council's support in ensuring the DfT's awareness of the implications of such a change.

Public Interest

3. The Department of Transport have announced that they are considering changing how the regulations, which govern how Community Transport (CT) operators who run minibuses on contracts, are interpreted. In rural areas such as South Somerset CT operators often depend on school contracts as a significant source of funding. The revisions being considered by the DfT mean that the CT schemes will either face a dramatic increase in costs or will be unable to continue to run these contracts.

Recommendation

4. That members resolve that:
 - a. A formal letter is sent to the Department for Transport (DfT) outlining our concerns on the impact to our local communities should the proposals to change the interpretation of Sections 19 and 22 be implemented.
 - b. Request that SSDC be invited to comment during any formal consultation that the DfT undertakes regarding the making of such a change.

Background

5. Community Transport (CT) schemes normally operate under permits issued under either section 19 or section 22 of the 1985 Transport Act. The Department for Transport (DfT) has recently written (31st July 2017) to the issuers of section 19 and 22 permits

(generally County Councils as the transport authorities), indicating that they are proposing to change their interpretation of these sections, and this will have implications for the two larger CT schemes operating in South Somerset. The letter is attached as Appendix A.

Report

6. The DfT are proposing that CT schemes who tender for contract work will, in the future, have to operate under Public Service Vehicle (PSV) (i.e. conventional bus) regulations. In South Somerset we have 2 CT schemes that would be affected by this change. Both South Somerset Community Accessible Transport (SSCAT) and the South Somerset Association for Voluntary and Community Action (SSVCA) currently operate tendered contracts on behalf of Somerset County Council (SCC) under Section 19.
7. Traditionally SSSDC has supported both schemes working with them and SCC to ensure that at least some level of transport is still available in our rural areas; and this has been important with the decline of conventional rural bus services. However both schemes rely on education contracts and special educational needs contracts for a significant part of their core funding.
8. Up until now CT schemes have been encouraged (nationally) by the DfT to operate on the basis that they can tender for contracts to provide services which are not classified as local services (e.g. School contracts on which members of the general public aren't carried, or specialised Door to Door services for their members). This has been on the understanding that their charitable status conferred that such schemes operate on a 'not for profit' basis. However the DfT is now indicating that where such schemes are undertaking such contracts "won via competitive tender in contestable markets", then those schemes should not be deemed "exclusively for non-commercial purposes" and would require a PSV licence. The key issue therefore is with the DfT's proposed revised interpretation of 'not for profit'.
9. If the proposal goes ahead then these schemes will either have to:
 - a. Cease operating those contracts, which means they will lose much of their core funding. So unless other funding comes forward then there is a risk that they could fold.
 - b. Or face the cost implications of operating under more onerous PSV regulations. That would involve substantial additional costs including driver training, management training and guarantees in respect of financial viability.
10. The barriers that either of these options will create mean that there is serious threat to the continuance of our CT schemes. The views of both the SSVCA and SSCAT are attached in Appendices B & C.
11. Appendix D explains sections 19 & 22 and sets out the current interpretation, which has worked well in rural areas for a number of years. It also conveys the proposed revised

interpretation, which if adopted will have significant financial implications for both schemes.

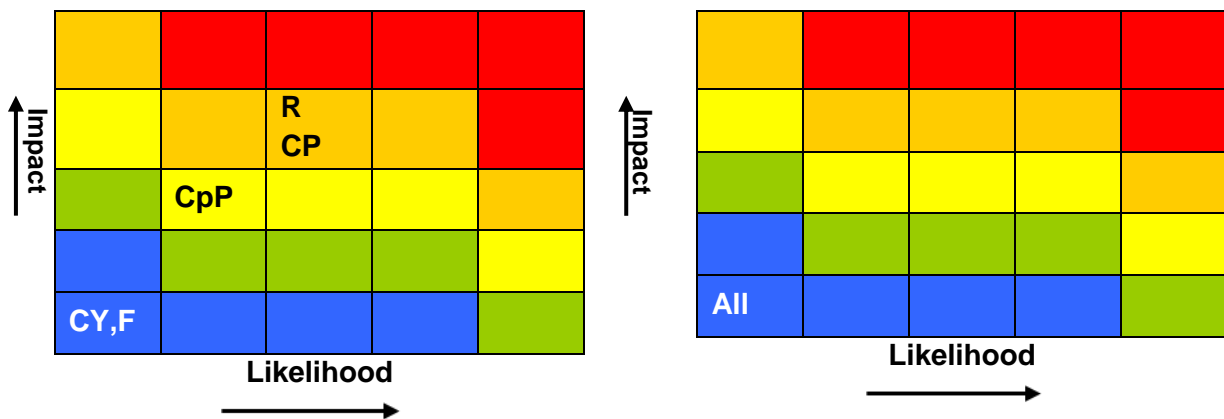
12. The CT 'industry' feels that the DfT needs to consider very carefully the proposal outlined in their letter to the issuing authorities before even going out to any consultation. It is important that the DfT understands that in rural areas CT schemes are reliant on school contracts to provide the core funding to run the vehicles and it is recommended that a formal letter is sent to the DfT as soon as possible explaining the impact on our local communities should the proposals be implemented.
13. The DfT has indicated that it intends to consult later this autumn and it's also recommended that SSDC requests to be included in respect of any formal consultation that the DfT proceeds with in consideration of making such a change.

Financial Implications

14. There are no direct financial implications for SSDC arising from this report .

Risk Matrix

Risk Profile before officer recommendations Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Council Plan Implications

15. Ensuring accessibility for all residents through maintaining and supporting community transport reflects the Council Plan aims and priorities to improve the economy, the environment and build healthy communities.

Carbon Emissions and Climate Change Implications

16. Shared use of CT minibuses offers the potential to reduce the number of car journeys and thereby reduce CO₂ emissions.

Equality and Diversity Implications

17. The services provided by CT schemes reduce inequality and improve service accessibility for all.

Privacy Impact Assessment

18. There are no direct implications

Background Papers

19. Not Applicable