



Transport Act 2000: Regulatory impact assessment (2000)

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Background to the Transport Act

2. The 1998 White Paper "*A New Deal for Transport*" (Cm 3950) ("the White Paper") set out the Governments vision of a better, more integrated transport system to tackle the problems of increased road congestion and worsening pollution associated with the growth of traffic levels over the past 20 years. The Transport Act honours commitments to legislate in the White Paper and is a key element in furthering the Governments integrated transport policy. Central to that policy is the integration of transport provision with the environment, so that choices for personal travel support a better environment.

Contents of the Act

3. The provisions of the Act are arranged in five Parts:

Part I Air Traffic provides powers to establish a PPP to deliver air traffic services in the UK.

Part II Local Transport contains measures to improve local bus services including the introduction of a mandatory half-fares for pensioners and disabled people.

Part III Road User Charging and Workplace Parking Levy provides local authorities with powers to introduce road user charging and workplace parking levy schemes where these will help reduce road congestion and pollution.

Part IV Railways promotes the use of railways through the Strategic Rail Authority.

Part V Miscellaneous and Supplementary contains a number of supplementary measures not related to the other main Parts of the Act, and also contains the usual supplementary provisions including the territorial extent, and short title of the Act.

Part I Air traffic

4. Sections 1 to 107 and Schedules 1 to 9 of the Act contain the powers to establish a PPP for NATS. The main provisions are as follows:

- NATS will be separated from the Civil Aviation Authority ("CAA"), which will continue as safety regulator. The continued safety of air traffic services will be the first priority. Air traffic services currently provided by NATS (other than at airports) will be provided under a licence issued by the Secretary of State.
- The Act provides for transfer schemes, so that the PPP can be taken forward.
- The Government's intention is to sell 46% of the shares in NATS to a strategic private sector partner. Up to a further 5% of shares will be issued to staff, with the remaining 49% retained in the public sector.
- The CAA will be responsible for the economic regulation of air traffic services and for air navigation services, which are concerned with airspace policy, as well as for safety regulation.
- In the event of a serious breach of licence, insolvency etc, provision is made for the continuity of air traffic services. The Secretary of State will be able to issue directions in the interests of national security.

Consultation

5. On 11 June 1998, the Government announced that it proposed to establish a PPP for the provision of en route air traffic services. These are currently provided by NATS, which is a wholly owned subsidiary of the CAA. The proposal was put to public consultation between 21 October 1998 and 31 January 1999

when interested parties were invited to comment on the principle itself and the Governments initial views on how the proposal might be implemented. The consultation paper proposed an economic regulatory regime for NATS consistent with that developed in the review of utility regulation. Copies of the consultation paper were sent to all key aviation interests and representative bodies including airlines, small commercial air users, and leisure flyers. The Governments response to the consultation document was published on 27 July 1999. Reactions to the proposed PPP were mixed. Commercial air users, who supported the principle, endorsed the proposal that NATS should be subject to economic regulation; leisure flyers, who are largely exempt from charges for air traffic services, were concerned that a private sector NATS would seek to recover charges from them too.

Policy objectives

6. The provision of air traffic services is essentially a monopoly activity. While there could, in principle, be competition for the market, reasons of safety dictate that there should be no competition in the market. There is competition in the UK for the provision of air traffic control services at airports but there is no realistic prospect of competition for the en route sector in the immediate future. The Government, therefore, intends to set up an economic regulatory and licensing regime over the private sector NATS for its provision of air traffic services in en route airspace. All other provision of air traffic services will be exempt from the requirement to hold a licence under the Act

Risk assessment

7. The proposed regulatory regime for NATS is to ensure against the abuse of a monopoly position. NATS currently recovers all its costs through charges on air users mainly airlines and small commercial air operators but, since it operates on a cost-recovery rather than a profit-making basis, it is not subject to formal economic regulation.

Options considered

8. From the outset, the Government has sought to achieve a number of objectives for the future development of NATS:

- separating air safety regulation from service provision
- untying NATS from Government financial constraints
- giving NATS commercial opportunities and the management skills to make best use of them
- establishing a structure of incentives and disciplines to maximise efficiency
- maintaining the Governments ability to address public sector interests such as national security and the UKs international relationships
- allowing the taxpayer to share in the success of the company, and
- allowing other transport schemes to benefit from the proceeds of the share sale.

9. A range of options was assessed against these stated objectives. These included:

- continuing public ownership
- Independent Publicly Owned Company (IPOC)
- Independent Publicly Owned Corporation "The Post Office Model"
- revenue bond finance

- the Trust Model "NavCanada"
- PPP.

10. Whilst some of these models such as NavCanada and an IPOC would meet some of the Government objectives for NATS, none would meet them all. In particular, it should be noted that the "public sector" solutions for NATS would not allow the company to be freed from Government financing constraints which in turn could put NATS substantial investment programme at risk. The other main areas where the other models fall short of the PPP are the injection of new management skills into NATS and in enabling the company to expand. These failings could in turn result in poor value for money for the Government both in terms of proceeds from the sale of and in the value of the Governments retained stake in NATS.

Issues of fairness and equity

11. The provision of en route air traffic services is a treaty obligation on the UK. It is a natural monopoly and air users have no choice as to whether or not to use the service. It is therefore essential that:

- charges are as low as possible;
- profits are reasonable and result from the efficiency of operations and not from unchecked increases to charges;
- there is no diminution in safety or service standards in order to increase profits.

Benefits of the PPP

12. The PPP will free NATS' investment and management decisions from Government financing constraints, allow investment to be decided on commercial grounds. It will provide the right structure of incentives and disciplines to maximise efficiency, provide more transparency in charges, clearly separate regulation from service provision, and provide NATS with the opportunity to develop the business, for example by expanding overseas.

13. The economic regulatory regime will further the interests of air users, encourage efficiency and value for money in service provision, encourage investment in time to satisfy reasonable demand, and ensure an appropriate quality and level of service provision.

14. The Act states explicitly that maintaining a high standard of safety is to have priority over the other regulatory duties of the Secretary of State and the CAA.

15. However, it is not possible at this time to quantify the benefits. No other national air traffic services provider operates on a fully commercial basis they are non-profit making and are not subject to independent economic regulation. Some lessons might, however, be drawn from airports where the three main London airports and Manchester are subject to economic regulation. Since regulation was introduced (in 1986/7 for London and 1987/8 for Manchester) the average yield of airport charges per passenger has fallen in real terms by about 17%.

Compliance costs

16. NATS will meet its own regulatory costs, principally through the payment of a licence fee to the CAA, as regulator. The annual average licence fee is expected to be in the region of Â£800,000. These costs will inevitably be reflected in its charges to its customers, but should be more than offset by efficiency gains

resulting from economic regulation. NATS currently recovers all its costs from its customers who, in this context, are commercial air users, national and foreign airlines, and small commercial operators such as air taxis.

17. The regulated body will also incur costs in meeting the regulators requirements for the provision of information, consultation etc.

18. It is not possible to give any estimate of costs to individual airlines. It should be noted however that NATS customer base is very wide ie any commercial air user who flies through UK airspace and its charges are calculated, in accordance with international agreement, to reflect the use made by each individual air user of the UKs air traffic services system. Air traffic control charges represent some 5% of airlines total costs.

19. The only additional identifiable costs, which will not accrue from the proposed system of economic regulation are those incurred in developing the details of the PPP and implementing the Act. These are primarily consultancy and advisory costs related to the PPP and to NATS investment programme, which will fall on the public sector. They are expected to be in the region of Â£35 million in total.

Equal treatment impacts

20. The appointment of Partnership Directors to the NATS Board will be based on merit, with independent assessment, openness and transparency.

Enforcement, sanctions and review

21. The regulatory regime laid down in the Act places duties on the Secretary of State and the CAA as regulator and on NATS as air traffic services provider. The Act also makes provisions for enforcement by the CAA.

22. The need for, and nature of, the regulatory regime will be reviewed when there is or appears to be a reasonable prospect of competition for the market in provision of en route air traffic services. The Act allows flexibility for the regulatory regime to reflect market conditions.

Part II Local transport

23. Sections 108 to 162 and Schedules 10 and 11 of the Act contain the proposals to improve local transport services, primarily buses:

- Local transport authorities will be required to prepare and publish a local transport plan ("LTP") setting out their policies for the promotion of safe, integrated, efficient and economic transport facilities in their area. LTPs will include a bus strategy for carrying out their bus functions.
- Quality partnerships between bus operators and local authorities will be put on a statutory basis. Authorities providing facilities as part of a partnership scheme such as bus lanes will be able to impose quality standards on operators using those facilities.
- Local authorities will be able to take on powers to enforce bus lanes by the use of cameras, using a civil process similar to that used for parking enforcement, subject to the approval of the Secretary of

State or the National Assembly for Wales ("NAW"). Similar powers are already available to London local authorities.

- Local authorities will be able to require bus operators to co-operate in the provision of joint ticketing. Authorities will have a duty to secure the provision of bus passenger information in their area.
- Local authorities will also be able to enter into quality contracts for bus services, with the approval of the Secretary of State or the NAW. These will involve local authorities determining bus networks and service levels, and letting exclusive contracts to bus operators to provide them.
- A national minimum standard for local authority concessionary fare schemes will be introduced, guaranteeing all pensioners and disabled people half-fare or better on local buses, with a free bus pass.
- Traffic Commissioners will be given enhanced powers to impose financial penalties on operators for running unreliable services.
- The Secretary of State or the NAW will be able to make grants to local authorities for public transport purposes, and there is a power to make grants to bus operators. Both powers are widely drawn to provide flexibility for future policy changes and developments.

Consultation

24. In November 1998 the Government consulted on draft guidance on non-statutory LTPs. Around 220 responses were received, including 120 from local authorities and over 80 from interest groups and others. The consultation responses indicated overwhelming support for all the main elements of the LTP proposals. A small number of local authority respondents specifically raised the issue of making LTPs statutory in their responses of which about half were in favour. These responses suggested that LTPs would further raise the profile of transport within local authorities, a view the Government shared. Some respondents expressed concern that the process should maintain sufficient flexibility if LTPs were made statutory. The Government took account of this concern in the provisions of the Act, which take a "light touch" (reinforced by guidance) in terms of procedures for consultation, approval and amendment.

25. The measures to improve local bus services were set out in *"From Workhorse to Thoroughbred: A better role for bus travel"* published in March 1999. Some 9000 copies of the consultation paper were issued, and around 350 responses were received. There was widespread agreement on the need for action, and broad support for the package of measures, for example by bus operators and their representative body.

Policy objectives

26. The White Paper recognised the importance of delivering integrated transport locally through the preparation of LTPs by local authorities. Under the provisions in the Act, authorities will be required to draw up LTPs and keep them under review. LTPs are expected to include proposed packages of measures to meet local transport needs, promote the encouragement of safe, integrated and economic transport facilities, and to identify future investment plans. In drawing up LTPs, authorities will be expected to consult widely with local people, businesses, transport operators and commuter groups.

27. The overall aim of the bus measures is the provision of higher quality bus operations with power for local authorities to influence bus services in the light of local circumstances. There will be powers for quality partnerships between bus operators and local authorities to be put on a statutory basis so that local authorities can specify quality standards as a condition for bus operators use of local authorities facilities. Local authorities will be given powers to require bus operators to co-operate in the provision of joint

ticketing schemes, and local authorities will be under a duty to secure the provision of bus passenger information in their area. Local authorities will also be given powers, subject to the Secretary of States consent, to enter into quality contracts whereby operators are granted the exclusive right to run local bus services to a local authority specification.

28. At present, local authorities have discretionary powers to provide concessionary fares schemes for pensioners (and other defined groups of eligible people). The result is a wide range of different provisions for pensioners, with a few authorities offering wholly free travel, a few having no scheme at all and the majority offering something in between. The Act guarantees provision of concessionary bus travel for elderly and disabled people, entitling them to at least a half-fare reduction, with a pass issued free of charge.

Options considered

Local Transport Plans

29. In considering the introduction of LTPs the Government looked at options for continuing with the previous system for allocating resources for local transport capital expenditure, the transport policies and programmes ("TPP") system. TPP documents were primarily bidding documents for central Government funds. They were produced annually, allowing little scope for future planning, and were generally devised by local authorities with little input from transport operators or other local partners.

30. Under the TPP system, authorities were allocated funding for individual schemes. Resources were tightly ring-fenced to particular areas of expenditure, allowing authorities little discretion over their allocation. The Government was therefore taking decisions on very small schemes, often costing as little as a few thousand pounds. It was decided that this process wasted time and resources and resulted in decisions being taken in isolation, often on purely financial grounds, rather than on schemes contribution to a wider strategy.

31. The introduction of a system based around 5-year LTPs is designed to rectify these problems. Local authorities will have more discretion and certainty about their capital spending on transport, in keeping with the wider moves to give local authorities more freedom and responsibility (as set out in July 1998 the Local Government White Paper, *In Touch With the People* (CM 4014)). Greater certainty of future funding levels for authorities will allow them to plan more effectively, and greater discretion over the use of their capital funding will allow authorities to tailor solutions better to local needs.

32. As well as being a bidding document, the LTP is designed as a strategic planning document for a local audience, and authorities are requested to adopt a more inclusive approach, involving transport operators, local businesses and the wider public. Policies within LTPs must promote integrated transport solutions, in contrast to the historic emphasis on road schemes. The LTP system also places a greater emphasis than existed previously on targets, performance indicators and monitoring, enabling local people, central Government and authorities themselves to assess whether the plans are meeting their objectives.

33. The LTP system was introduced on a non-statutory basis in 1999 following the publication of the White Paper in 1998. The provisions in the Act formalise these arrangements by imposing a statutory obligation to produce and implement an LTP. This recognises the importance to local people of policies which take a strategic view of the local area in order to deliver safe and integrated transport which is efficient and economic. The Act will support the process by ensuring that not only do all authorities

produce plans, but that they do their utmost to implement them.

Buses

34. The provisions relating to buses fulfil the Governments manifesto commitment to "the proper regulation of buses at the local level, as part of a balanced transport policy". The detail follows a comprehensive policy review undertaken by the Department in 1997/98. This concluded there was no compelling case for wholesale reversal of the deregulated regime, but a need in particular to give local authorities a broader range of powers to allow them genuine influence and involvement in the provision of local bus services.

35. The proposals were also contained in the March 1999 consultation document "*From Workhorse to Thoroughbred: A Better Role for Bus Travel*". To a significant extent the Act provides new powers for local authorities, so there will be a range of options to be exercised at local level.

Concessionary travel schemes

36. The Government was keen to address problems of the differences in the concessionary travel schemes provided by the local authorities. But here an element of local discretion needed to be retained, while also having regard to the additional costs involved. The option chosen (half-fare on buses for elderly and disabled people, with a pass issued free) gives an appropriate minimum standard. Alternatives could have applied the guaranteed scheme to additional categories of person or other modes of travel. The Act provides for such to be changed by order.

Issues of fairness and equity

37. The bus provisions aim to benefit all bus passengers, and make public transport a realistic alternative to the car for many trips. But the Government also wants pensioners, especially those on low incomes, to be able to continue to use public transport, and to use it more often. The Government considered it unfair that some pensioners had no access at all to a concessionary travel scheme. The Act addresses that, and extends the same benefits to disabled people.

Benefits

38. The Act will improve local transport planning arrangements by requiring local authorities to draw up LTPs. The LTP process provides authorities with greater certainty about funding levels and will therefore enable them to achieve procurement efficiencies. For local people, businesses, transport operators and community groups, the LTP process provides opportunities for consultation and partnership working in delivering transport policies locally. However, the benefits are difficult to quantify. It is expected that statutory LTPs will help to deliver a more integrated transport policy, provide greater certainty about future years funding levels, and provide the public, transport operators and interest groups with a greater say in the authoritys transport strategy and delivery arrangements.

39. The Act will improve bus services by encouraging quality partnership between local authorities and bus operators. Even under voluntary arrangements, quality partnerships have raised service quality and patronage. A statutory basis will give them added strength, and enable all parties to invest with confidence. The Act will also promote more integrated ticketing and better passenger information, guarantee a minimum level of travel concessions for elderly and disabled people on buses, and provide for

exclusive quality contracts, where a case can be made, allowing the local authorities to specify local bus services and networks.

40. Benefits will depend on the take-up of powers by local authorities. Effective voluntary quality partnerships have helped to increase bus patronage by typically 10-20%, sometimes more. Some towns and cities have also reported significant modal shift from car to bus. Improved public transport will help pave the way for successful policies to tackle congestion and pollution, with consequent benefits, and the wider availability of concessionary fares provisions might also persuade some elderly people to give up their motor car and use the buses.

Compliance costs

Local Transport Plans

41. The provisions requiring local authorities to prepare LTP are not expected to impose any additional costs on businesses. It is likely that authorities have already incurred some costs in consulting on, and publishing, non-statutory LTPs, but these are likely to vary depending on the precise circumstances and are not expected to involve significant expenditure. The Government expects such costs to be borne by authorities as part of their community leadership role which involves liaising with the public and interested parties on all important issues affecting local communities. The provisions requiring authorities to prepare LTPs are not expected to impose any additional costs on local authorities over and above the current non-statutory arrangements.

Buses

42. It is not possible to assess costs of the buses measures for a typical bus operator. The extent to which operators are affected will depend on how far, and in what way, local authorities decide to use the powers, for example in setting higher quality requirements for local bus services. Moreover, under quality partnerships operators will be able to choose whether to meet the standards or instead not to use the facility to which the standards attach. Under quality contracts, there will be competitive tendering to allow operators to bid for exclusive rights to operate local services to a local authority specification.

43. The duty on authorities to provide bus passenger information is coupled with a power to recover from operators reasonable costs incurred. The effect on bus operators will depend on both the level of information which local authorities judge appropriate, and on what operators are already providing.

Concessionary travel schemes

44. The concessionary fares provisions will be cost-neutral on bus operators as they will be reimbursed for the additional revenue forgone in the usual way. The mandatory concessionary fares provisions are estimated to cost local authorities an additional Â£54 million per year for which there will be reimbursement through the Revenue Support Grant system. These local authority costs will arise from their reimbursement of bus operators for fare reductions for elderly and disabled people.

Environmental impact

45. The Act provides a specific duty for authorities to have regard to guidance issued by the Secretary of State. The present guidance makes clear the need for LTPs, including bus strategies, to be developed and appraised in line with the New Approach to Appraisal ("NATA") to demonstrate the overall contribution to the Governments 5 over-arching objectives for transport including the protection of the built and natural environment.

46. The environmental impact will depend on the extent to which local authorities react to the new powers contained in the Act. But there are potential benefits locally, in terms of more stringent environmental requirements that local authorities may impose under quality partnership schemes or quality contracts. For example, authorities will be able to specify the use of greener buses in town centres. And the Traffic Commissioners will be able to approve traffic regulation conditions limiting the use of buses in particular streets, in the interests of reducing noise or air pollution.

Equal treatment impacts

Local Transport Plans

47. The non-statutory system of LTPs was not subject to a regulatory framework. However, the Act requires authorities to have regard to any guidance issued by the Secretary of State. Guidance on LTPs published in March 2000 reinforces the need to consider the needs of the disabled, women, ethnic minorities and older people when devising and implementing policies within their LTP and bus strategies.

Buses

48. At present, buses are subject to overall statutory requirements for vehicle standards. The Disability Discrimination Act 1995 imposes new accessibility requirements for new buses. These requirements will be imposed on the full fleet by 2015-2017. Local authorities outside London can impose standards on services which they subsidise, but these represent only about 15% of total bus routes. Improved bus travel as a result of the new provisions will benefit all bus users, including elderly people who are among the highest users and women, who tend to use buses more than men. Quality partnerships and quality contracts will enable higher quality vehicles to be specified by local authorities as a condition of use of facilities which they provide; this should accelerate trends in the use of low-floor and accessible buses. These developments will benefit not just wheelchair users, but older people generally and others with children or heavy shopping.

Concessionary travel schemes

49. Concessionary fares for pensioners are a matter for local authority discretion, and there is variation in the schemes provided, with some authorities having no scheme at all. The statutory under-pinning of concessionary fare schemes to guarantee elderly and disabled people half-fares on buses will provide direct benefits to some 5½ million pensioners and some 1½ million disabled people who currently enjoy less generous schemes.

Enforcement, sanctions and review

50. The Act requires local authorities to keep LTPs under review, and replace them within 5 years. Authorities will also be expected to publish annual reports that review progress in meeting the objectives, targets and performance indicators contained in their LTP.

51. For most of the powers, enforcement will be secured through the existing bus registration system. The powers of the Traffic Commissioners will be extended to enable them, for example, to monitor compliance with statutory quality partnership, ticketing and information schemes, attracting the range of sanctions available to the Commissioners by way of financial penalties and licence conditions. The Director General of Fair Trading will be able to act against anti-competitive practices and abuse of a dominant position. Under quality contracts, enforcement will be a matter for the local authority as the contracting party and will be able to investigate whether action by local authorities under new powers in the Act satisfy a special competition test.

Part III - Road user charging and workplace parking levy

52. Sections 162 to 200 and Schedules 12 and 13 of the Act contain the powers for local authorities to introduce road user charging and workplace parking levy schemes. The main provisions are as follows:

- Local traffic authorities will be given powers to introduce road user charging schemes to tackle congestion problems. These powers mirror those already available to the London Mayor and London Boroughs.
- As an alternative approach, authorities also have the power to introduce a levy on parking at the workplace.
- The congestion charging powers provide both new demand management tools, and a source of new guaranteed funding for local transport improvements. The Act provides that any scheme starting in the 10 years following commencement of the powers will bring 100% hypothecation of revenue to improve local transport, including better public transport, for at least 10 years.
- The Secretary of State or NAW will scrutinise and approve individual schemes, including expenditure plans.
- The Secretary of State and NAW will be able to introduce charges on trunk roads complementary to a local authority charging scheme, at the request of the local authority.
- The Secretary of State and NAW will also be able to introduce charges on trunk road bridges and tunnels at least 600 metres in length, to make investment more affordable.

Consultation

53. In December 1998 the Government published "Breaking the Logjam: The Governments consultation paper on fighting traffic congestion and pollution through road user and workplace parking charges". The Government published a report on its conclusions on the issues raised in that consultation, which included an analysis of the responses (over 660) to the consultation paper, in February 2000.

54. The majority of responses supported or accepted the need for new changes. Local authorities almost all supported the new powers proposed. Response from business was less supportive but was generally in favour of the new measures. The CBI and Institute of Directors voiced opposition and doubts about the effectiveness of the Workplace Parking Levy. Responses from members of the public were the least supportive.

Policy objectives

Local authority charging

55. The White Paper provided the framework for policies to tackle congestion. At the local level, local authorities are developing LTPs as integrated packages of measures, sensitive to local needs, and designed to achieve local transport objectives, including the alleviation of congestion. The Government recognised that authorities may need new tools to help meet this objective and the White Paper proposed legislation to allow, but not compel, local authorities to introduce road user charging and a levy on the provision of workplace parking as part of their LTP package.

56. The strength of these new measures is that they give local authorities new means to tackle congestion by providing new demand management tools, and by securing funds for spending on local transport, especially alternatives to private vehicle use.

Trunk road charging

57. The Government considers that there are certain circumstances under which road charging could be a powerful tool for tackling growing congestion on trunk roads and motorways. However, there are still a number of complex practical and technical issues that need to be resolved before widespread trunk road charging could be introduced. "*Transport 2010 the 10 Year Plan*" published in July 2000, assumed that there would not be trunk road charging during that period.

58. It is likely that some local authority schemes will need to include trunk road charging in order to operate effectively. Alternatively, a local authority scheme might have a detrimental effect on traffic on trunk roads in the area. The Act therefore provides powers for the Secretary of State to charge on trunk roads where this is necessary to complement a local authority charging scheme. This power will only be used at the request of a local authority.

59. Charging drivers for the use of some tunnels and bridges is already well established as a means of making expensive infrastructure projects affordable. At present, very lengthy Parliamentary processes are required in order to establish charging schemes for such new structures unless they are on motorways. The Government has decided to simplify those procedures by enabling charging on new trunk road bridges and tunnels over 600 metres. This would cover only structures of a very significant size and cost, which might not be affordable without charging.

60. Tolling will continue on existing structures which are currently subject to charges. The operators of these structures may introduce electronic charging if they wish. There are no plans to charge existing structures which are currently toll free.

Options considered

Local authority charging and workplace parking levy

61. It is intended that the powers to impose road user charges or the workplace levy should be part of much wider packages of complementary measures to address the problems of congestion and pollution. The different approaches available were considered in the review of transport policy, and the measures which will help deliver integrated transport were set out in the White Paper. The subsequent policy

document ^[1] set out options for road user charging.

62. Regulatory options for tackling congestion and pollution locally were also considered. Charging was seen as a more efficient measure than blanket restrictions on vehicle use (eg different registrations allowed in areas on alternate days). Such restrictions would be administratively complex and expensive, require a considerable amount of enforcement, be prone to widespread evasion (as experienced in Athens, to the detriment of the environment), and take no account of the differing degrees of need to use a private motor vehicle. Blanket restrictions are too crude an instrument, nor do they provide an additional income stream for spending on improvements to local transport.

Trunk road charging

63. There are policy and practical issues which will need to be resolved before trunk road charging schemes can be introduced, eg the difficulties caused by diversion from a charged major road which could produce significant environmental and safety problems for local communities as vehicles transfer from more major routes. Other issues include the effects of charging on particular social groups, such as those suffering from social exclusion. There is also further work to be done on electronic charging technology and wider charging systems before successful introduction on major roads could be assured.

64. The Government also considered the options for introducing powers to charge users of substantial trunk road bridges and tunnels. The "do nothing" option would leave the anomaly that the Secretary of State has the power to charge on new motorway structures but not on new trunk road structures. However constructing sizeable bridges and tunnels might still be best afforded through road user charging whether on trunk roads or motorways. Retaining the status quo would also mean that areas where integrated transport objectives (such as reducing congestion) would be achieved by charging on existing trunk road bridges and tunnels could not benefit from charging schemes. The Government therefore decided that new structures over 600 metres should be charged. The cost of constructing such structures is likely to be significant, and the Government therefore considers it reasonable to charge users.

Risk assessment

65. Estimates of the costs to business of road traffic congestion vary, but amounts to several billion pounds per year. Congestion contributes to air pollution, which has been linked with a number of health effects, including increased mortality and the worsening of respiratory and cardiovascular conditions, resulting in increased hospital admissions, distress and discomfort for the sufferers. Congestion also adds to emissions of greenhouse gases, with their consequent effect on climate change. It is, however, not possible to make specific attribution of the effects brought about by congestion-related pollution.

Issues of equity and fairness

66. The aim of any road user charging scheme is to produce overall benefits to transport users and the community, through reducing congestion, and pollution, and providing increased transport infrastructure. There are, however, concerns that road user charging could drive certain groups off the roads, such as those drivers on low incomes, whilst having little effect on the richest groups. The effects of a charging scheme on particular groups in society will therefore need to be examined as each scheme is designed to ensure that these concerns are taken into account.

67. Local authorities will also have the flexibility to provide exemptions from their schemes as they see fit, and these exemptions are likely to apply to any trunk road charging complementary to a local authority charging scheme. The Secretary of State/NAW will be able to prescribe exemptions to apply nationally to all charging or levy schemes. Subject to consultation, national exemptions are proposed for disabled motorists and emergency vehicles.

Benefits

68. It is not easy at this stage to make meaningful, quantified, estimates of the costs and benefits of the proposals. However, the Government has considered the question of costs and benefits, and it is possible to identify the nature of the effects of introducing charging schemes, and where the burdens might fall.

69. Local authorities were asked to indicate, in their provisional LTPs, what intentions, if any, they had of using the new powers. Whilst 24 local authorities, expressed an interest in taking up or exploring the use of the new powers, and a further 11 authorities indicated in their full LTPs that they were considering using charging as a solution to local transport problems, formal proposals are not yet forthcoming. Most of the elements which will determine the costs and benefits of charging or levy schemes will be determined locally, in the light of local circumstances, as each scheme is developed. This will also apply to trunk road charging.

70. Each scheme should reflect the priorities identified in the LTP and the specific local circumstances. There will be considerable variation from scheme to scheme. It is the Government's intention that no scheme should proceed unless and until it has been shown to be justified in terms of costs and benefits, with reference to the specific proposals for charge levels and scheme design for that scheme. Outside London, this will be enforced for schemes through the Secretary of State/NAW approval procedure.

71. For any local authority charging or levy scheme starting within 10 years of the legislation, the charging authority will be guaranteed at least 10 years' retention of the net revenue stream for spending on local transport. Some of the authorities who expressed an interest in using the new powers in their provisional LTPs have made some rough preliminary estimates of the revenues from charging schemes, which would be ploughed back into improving local transport.

72. There are a small number of studies and overseas examples that provide quantitative information. Schemes which successfully tackle congestion should bring benefits of saved journey time and increased reliability in travel. This in turn should lead to cost savings for business, reduction in polluting emissions, noise and nuisance, with consequent benefits for health and for the quality of life, increased revenue to public transport operators, improvements to local transport provision and the transport environment, funded by the revenues raised.

Local Authority Charging and Workplace Parking Levy

73. Some studies have looked at the possible effects of road user charging schemes. The most comprehensive of these looked at a number of options for application in London ^[2]. This calculated that social benefits would fall within a range of some £90-£450 million per year (1991 prices and values), depending on the scheme adopted. More specifically, this report included, as an example, an option with a notional "medium charge" of £4 (1991 prices) all day inbound. This was calculated to reduce traffic levels by 15%, with a 20% increase in journey reliability, similar reductions in journey time and a 35% reduction in carbon monoxide emissions.

74. The ROCOL report ^[3] suggested that a £5 charge in a central London road charging scheme could reduce traffic levels by 12% and that a workplace parking levy of £3000 per parked vehicle could reduce traffic by 3-4%. It must be emphasised, however, that decisions on the level of charge will be for the traffic authority concerned (in London's case, the Mayor and/or boroughs), and that the figures quoted do not represent in any way Government expectations or preferences.

75. These are indicative estimates only but, for example, Leeds has predicted that net revenues from a road user charging scheme could be in the region of £25 million a year. Nottingham predicts an annual income range between £4 million and £14 million net from a workplace parking levy scheme, depending on the size of the levy. ROCOL suggested that a £5-a-day charge in central London could yield £230-£270 million, with one-off set-up costs of £30-£50 million.

Trunk road charging

76. The benefits of trunk road charging to complement local authority schemes should be very similar to the benefits of the local authority scheme itself. The specific benefits will change from scheme to scheme, depending on design and the trunk roads that are charged. The revenues from complementary charging schemes will be retained for 10 years by the Secretary of State for use on transport measures under the same arrangements as those agreed for local authority scheme revenues. Operators of existing tolled trunk road crossings will be able to introduce electronic charging if they wish, which might benefit the consumer by increased efficiency.

77. The revenues produced through charging on structures will of course vary depending on the charges and traffic flow, which are in themselves dependent on a number of factors (particularly the availability of alternative routes). For illustration, the Severn Bridge produced an income (before expenses and other charges) of £55 million in 1998/9, while the Tamar Bridge (a trunk road bridge but operated by local authorities) had an income of £6.9 million. The revenues from any charged trunk road bridge or tunnel will be retained by the Secretary of State for use on transport for 10 years following the start of the charging scheme.

Compliance costs

78. Charging and licensing authorities will be responsible for the main design elements of charging schemes. This includes selecting the basic format of the scheme (eg paper-based or electronic), the size of the charged area, the times when the charges apply, local exemptions to the charges, and most importantly, the level of charges imposed. They will also be responsible for determining the size of the area in which the workplace parking levy applies, the amount of the levy per parked vehicle, local exemptions to the levy, and whether the levy applies to all vehicles or only above a certain threshold. For both types of scheme, the use of the income stream will be crucial in determining the overall impact on businesses and individuals.

Local authority charging schemes

79. Charging schemes will impose direct costs on all businesses that involve road transportation and delivery in those areas where such schemes are set up, subject to any national or local exemptions. Clearly this will cover a very large number of commercial concerns in the UK, including the road haulage sector, the retail sector, manufacturing industries etc. It will also include all those with travelling sales representatives, agriculture, post and parcel delivery services, maintenance and repair services, and, of

course, any business with premises in the charged areas.

80. There may also be other cases in which employees who incur a charge in the course of their duties or commuting to work may be able to claim reimbursement from their employer. Public transport and public sector vehicles may also be liable to the charges.

81. It should be remembered that there should be cost savings brought about by the improvement in travel conditions as congestion is reduced and transport provision improved. New infrastructure afforded through charging is also likely to benefit business in reduced journey times.

82. The cost of the road user charging scheme to business will depend on the nature of the scheme. Broadly speaking charging schemes can be either distance-based or area-based. A *distance-based* scheme has a series of charging points along the length of a road at which drivers pay a charge based on the distance they have travelled since the last charge point. This is the system used on tolled roads in many parts of the world including France and the United States. At its simplest an *area-based* scheme requires drivers to pay a charge as they cross a cordon established around a defined area such as the centre of a town. This is the concept used in the Oslo, Trondheim, and Bergen toll rings in Norway. Alternatively, drivers may be required to purchase a paper or plastic permit for driving or keeping a vehicle within a designated area. "*Paper-based*" schemes are likely to involve the purchase of a seasonal permit. The costs of an electronic tolling scheme will be a function of the number of trips company vehicles make within a controlled area or across charging boundaries (depending on the scheme) at the times when charges operate and the level of the charge.

Workplace parking levy

83. The workplace parking levy will apply to building occupiers (unless regulations impose liability differently) who provide parking facilities for those travelling to work, subject to any national or local exemptions. This does not include fleet vehicles (eg buses, postal delivery vehicles) parked at a base depot. The levy could affect all business sectors and the public sector in those areas where schemes are introduced. However the Government believes that there are strong arguments in favour of a threshold that would exempt the first few parking spaces at each building. Such a threshold would have the effect of removing many small enterprises from the scope of the levy. The Government is also exploring the possible structure of an exemption for the disabled, to be based on the Blue Badge scheme.

Trunk road charging

84. The cost to business of a charged bridge or tunnel will depend on the size of the charge, the type of vehicle that the business uses, and the frequency of journeys across the crossing. As an illustrative example, the charges at the Dartford and Severn crossings are presently as follows:

Dartford	<i>Cars</i>	<i>Goods vehicles and buses up to 2 axles</i>	<i>HGVs and buses over 2 axles</i>
	Â£1	Â£1.80	Â£2.90
Severn (charged eastbound only)	<i>Cars and motor-caravans</i>	<i>Goods vans and minibuses under 3,500kg</i>	<i>Other goods vans and buses</i>
	Â£4.40	Â£8.70	Â£13.10

(There are also discount schemes for disabled people, frequent users, and those using pre-paid schemes.)

Costs to public authorities

85. The costs to the public authorities in introducing and operating road user charging schemes will vary enormously, depending on the type of scheme adopted. There will of course be administrative costs for public authorities in developing and making an application to the Secretary of State/NAW for approval. The costs to public authorities in introducing and operating road user charging schemes will also vary depending on the type of scheme adopted. Trunk road charging schemes are likely to be electronic in nature because of the size and speed of the roads, the lack of adjoining land space and the dis-benefits of having traffic queuing at toll booths. Schemes for bridges and tunnels, however, may not need to be electronic.

86. The MVA consultancy study estimated that a "paper-based" licensing scheme would have start-up costs of around Â£30 million (1991 prices), with subsequent annual operating costs of up to Â£70 million, although this could be reduced if enforcement were combined with parking enforcement. Start-up costs for automatic/electronic charging schemes were estimated to range from Â£85 million to Â£140 million, with subsequent annual operating costs of Â£35-Â£55 million. ROCOL suggested that an area licence based road charging scheme in central London might cost Â£30-Â£50 million to implement, with Â£30-Â£50 million annual operating costs, and that a workplace parking levy scheme across a wider central London area might cost Â£5 million to implement and Â£5 million to operate each year. Costs are likely to be considerably lower for other, smaller urban areas. Research undertaken in Portsmouth, for example, suggested that implementing a paper-based scheme could cost Â£2 million, with annual administration and enforcement costs of Â£4 million.

87. Some of the authorities that expressed an interest in using the new powers in their provisional LTPs have made some rough preliminary estimates of the costs of introducing schemes. Nottingham City Council, for example, has estimated that the cost of implementing a workplace parking levy scheme in the city would be around Â£1.2 million a year. Leeds City Council suggests that a road user charging scheme would cost Â£8.2 million to set-up, and Â£7m per year to operate thereafter.

Environmental impact

88. It is intended that the powers to impose road user charges or the workplace levy should be part of much wider packages of complementary measures to address the problems of congestion and pollution. The different approaches available were considered in the review of transport policy, and the measures which will help deliver integrated transport have been set out in the White Paper and subsequent consultation documents.

89. There may be other environmental impacts that will need to be addressed, particularly in the longer term if an electronic road user charging scheme requires the installation of gantries or other roadside equipment. Authorities introducing a road user charging scheme will be expected to do an Environmental Impact Assessment if the scheme meets the appropriate criteria.

Equal treatment impacts

90. The provisions relating to local authority charging and complementary trunk road charging are entirely new, although the Greater London Authority Act 1999 contains charging powers for the London Mayor and boroughs. At present, tolled bridges and tunnels operate under a number of different regimes. Some are regulated by general statute and others have specific Acts of Parliament that cover their operation. In most cases there are reduced charges or exemptions for people with disabilities, though these are generally made at the discretion of the operator (unless laid down in legislation). In the majority of cases, changes such as increases in charges must be advertised, with a period for objection and the possibility of a public inquiry. The application for change to charges must then be approved by the Secretary of State.

91. The Government recognises that there is an argument that disabled motorists, who are often wholly reliant on car travel and may be unable to respond to new charges by switching to other modes of transport, would face a new barrier to their freedom of mobility. This would be contrary to the principles underlying the Disability Discrimination Act 1995.

92. The Act contains powers for the Secretary of State to set exemptions from trunk road and local authority road user charging and the workplace parking through secondary legislation. This could be used to introduce an exemption for disabled people from road charging schemes throughout England. The Government will explore, in conjunction with representatives of disabled interests, this possibility, and the present review of the Blue Badge system will be considering whether such an exemption can be incorporated in what is at present simply a parking scheme. A national exemption would set a minimum level of exemptions for disabled people in all charging schemes, although the Secretary of State, local authorities, and the London Mayor would be able to add further local exemptions if they wish to in their own schemes.

93. All Local authorities with charging schemes will also be able to set different charges at different times of day. This would allow for low or no charges at night-time, for example, when public transport alternatives are either unavailable or inappropriate particularly for women for personal security reasons, or at day-time off-peak periods in places where the principal target of charging is commuting rather than shopping traffic.

94. The money raised from charging schemes will provide extra funds to be spent on transport, and this could include improved access facilities, better street lighting and other security measures, and generally improvements to the provision of local transport for the benefit of the community.

95. Local authorities should also consider the effects of any charges on the lower income groups in the community who, for a variety of reasons, may be particularly reliant on car travel. Local Authority schemes will be subject to the approval of the Secretary of State/NAW and approval will not be given unless there is sufficient evidence that appropriate consideration has been given in the design of the scheme to its wider social and economic impacts.

96. All schemes will need to be consulted on within the community, allowing those representing particular interest groups to consider the proposals. There will be provision for a Public Inquiry if the authority, the Secretary of State, or NAW considers this necessary. The Secretary of State or NAW will also have the power to make a local authority undertake further consultation if the original consultation is considered insufficient.

Enforcement, sanctions and review

97. It is proposed that the enforcement regime for road user charging will entail a penalty charge system similar to that operating where parking enforcement has been decriminalised under the Road Traffic Act 1991. But, for example, those making wilful attempts to evade paying the charge where it is due (eg by tampering with tolling equipment or by obstructing enforcement) would be subject to criminal proceedings. A civil penalty charge would be levied on those employers found to be in breach of their workplace parking licence. It will be a criminal offence to deny unreasonably an inspector access to premises for the purpose of checking compliance with the terms of a workplace parking licence.

98. The Government will keep the implementation of this policy under general review. Monitoring and review of specific schemes are largely a matter for the local authorities involved, and formal review is likely to occur at least every five years as part of the new system of LTPs.

[1] Breaking the Logjam: The Government's consultation paper on fighting traffic congestion and pollution through road user and workplace parking charges.

[2] The London Congestion Charging Research Programme, Final Report (The MVA Consultancy, May 1995)

[3] Road Charging Options for London (Stationery Office, 2000)

Part IV - Railways

99. Sections 201 to 254 and Schedules 14 to 28 of the Act promote the use of railways through the Strategic Rail Authority ("the SRA"). The main provisions are as follows:

- The Act sets up the SRA, which is given duties to promote rail use, secure the development of the network, and contribute to the development of an integrated transport system.
- Passengers are given a stronger and more effective voice. The Rail Passengers' Committees have new powers to champion passengers' interests. The enforcement powers of the SRA and the Regulator are enhanced. Monetary penalties may be imposed for contraventions of licence conditions and franchise agreements. In contrast to the Railways Act 1993 ("the 1993 Act") these will cover past breaches as well as those which are continuing.
- The Rail Regulator's role is redefined and his consumer protection functions are transferred to the SRA. The Regulator is obliged to facilitate the furtherance of the SRA's strategies, and to contribute to integrated transport and sustainable development (balanced against his other duties).
- The SRA can ask the Rail Regulator to direct facility owners such as Railtrack to provide, improve or develop railway facilities, subject to adequate reward.

- The 1993 Act is amended to remove any obligations on the Secretary of State or the Regulator to pursue privatisation-related objectives, and restores a power for the Secretary of State to issue guidance to the Regulator.
- Scottish Ministers are able to issue instructions and guidance to the SRA on franchised services self-contained within Scotland, and to influence cross-border services, within the GB policy framework.
- The Franchising Director is abolished, and his functions vested in the SRA.
- The British Railways Board ("BRB") will be wound up and its remaining functions, assets and liabilities transferred to the SRA.

Consultation

100. The Governments proposals for the rail industry were set out in "A New Deal for the Railways" (Cm 4024) published at the same time as the White Paper. In addition, the rail elements of the Act were introduced as a free-standing Railways Bill in the 1998/99 Parliamentary Session and, following Second Reading in the House of Commons, was referred to the Environment, Transport and Regional Affairs Select Committee for scrutiny. The Committee published its report on 10 November 1999 and the Government responded to the Committees recommendations in December 1999 (Cm 4538).

101. The Governments proposals for integrating railways with other forms of transport and for changing the regulatory framework for railways were generally well received. Furthermore, the industry and passengers representatives gave widespread support to the Governments proposals for railways at the first National Rail Summit on 25 February 1999.

Policy objectives

102. The Government believes there are fundamental problems with the regulatory framework which has governed the railway industry since privatisation. It considers that privatisation would be extremely difficult and too expensive to reverse, but recognises that an alternative structure framework is needed to address the fundamental weaknesses of the 1993 Act.

103. The Government considers that the major flaws of the current system are:

- lack of any focus within the privatised railway for long term strategic planning;
- the Franchising Directors remit is too narrowly focused on the passenger railway and he has no powers in respect of freight on the railway;
- confusion between the roles of the Rail Regulator and the Franchising Director as regulators of passengers rights;
- sanctions available to the regulatory authorities are inadequate and unwieldy; and
- the views of rail users need to be given more prominence.

104. The Governments over-arching aim for railways, as set out in the White Paper is to establish a clear, coherent and strategic programme of development which meets the expectations of passengers and freight users.

105. The Government intends that the Act should achieve its objectives for the operation and development of the railways by setting up the SRA, and establishing a more effective and accountable regulatory framework for the industry without increasing the regulatory burden.

106. The SRA will assume the role and responsibilities of the Office of Passenger Rail Franchising ("OPRAF") and the remaining functions of BRB. It will take on the freight grant functions currently carried out by DTLR. The SRA will also assume responsibility for the consumer protection role of the Rail Regulator. However, the SRA will be more than the sum of these inherited parts. It will:

- bring together passenger and freight interests;
- promote better integration and interchange;
- promote a long term strategic vision for a growing industry; and
- ensure better value for public subsidy.

107. The general duties of the SRA and the Rail Regulator will be aligned as closely as possible. There will remain a number of key tasks that are best left to an independent Rail Regulator with enhanced duties, and subject to statutory guidance from the Secretary of State on his general policy objectives for the railway.

108. The Act builds on and improves powers already given by the 1993 Act and will give the SRA and the Rail Regulator more effective powers to make licence holders and franchisees comply with existing obligations. It is a fundamental aspect of the Governments policy that they do not grant new powers to force the ending or re-opening of existing licences or agreements.

Options considered

109. The Act will tighten the measures available to the Rail Regulator or the SRA for enforcing licence conditions or franchise requirements by rail operators, and for penalising any breaches. Regulatory procedures already in the 1993 Act for remedying current or likely contraventions will become faster and more streamlined. The Rail Regulator and the SRA will also have wider and more flexible powers to impose financial penalties for breaches of licence conditions or franchise requirements.

110. The Act includes new regulatory procedures to:

- reduce from not less than 28 to not less than 21 days how long an operator has to make representations to a regulator after publication of a proposal to make a final order or confirm a final order;
- reduce from not less than 28 to not less than 7 days how long an operator has to make representation to a regulator after notice has been served of an intention to make a final order with modifications, or confirm a provisional order with modifications;
- allow no time for making representations where proposed modifications are trivial;
- widen the discretion of the regulators as regards the appropriate action;
- clarify what may be taken into account in the calculation of a penalty;
- allow regulators an order-making power for past contraventions, even where they have been remedied and extend the scope of contraventions which may be penalised to contraventions of provisions of a compliance order;
- separate the imposition of penalties from the process of securing physical compliance with a licence condition or franchise requirement;
- specify the circumstances under which regulators may impose a different financial penalty to that which is laid down in the penalty notice ;
- allow interest to be added to unpaid financial penalties;

- allow penalties to be directed to Passenger Transport Authorities and other local authorities.

111. The Act will also allow the SRA to ask the Rail Regulator to direct a facility owner to provide a new railway facility, or to improve or develop an existing facility. Before issuing such a direction the Rail Regulator would have to be satisfied that the facility owner concerned would be rewarded adequately.

112. The Act will give the SRA and the Rail Regulator more effective powers over existing licences and contracts. It will not re-open current agreements. The Government did not consider that any non-regulatory alternatives, such as ending existing licences and contracts or completely re-negotiating them, were viable options. The two most practicable options were therefore:

- *Option one*: to proceed with plans for legislation to establish the SRA and a more effective and accountable regulatory framework for the rail industry,
- *Option two*: to continue with the current regulatory system using the powers given to the Franchising Director and the Rail Regulator by the 1993 Act.

113. The Government decided that the more effective regulatory powers that would be provided by the Act would be the best solution for the taxpayer, the Government, rail freight operators and rail passenger, ie *Option one*.

Issues of equity and fairness

114. Establishment of the SRA and with it a more effective framework for regulating the rail industry will not disadvantage particular business sectors or social groups.

Benefits

115. A number of positive but unquantifiable benefits will result from the establishment of the SRA and a more effective regulatory regime for railways. For example, the objectives envisaged for the SRA include provision of a strategic overview of the whole rail industry, to support the Governments endorsement of ambitious industry freight targets, and to help secure the industrys commitment to increase passenger numbers on the railways.

116. The Act will provide a framework for stimulating significant growth in passenger and freight use of rail, providing the right structure to promote greater investment in the railways, and ensuring better protection and promotion of passengers interests.

117. A more effective and accountable regulatory framework will increase public and business confidence in the rail industry. It will reduce risk and help with business planning. The Act contains measures to enable more effective enforcement of the current franchise and licence commitments with Railtrack and train operators. It will help the Government achieve its objectives for increased rail usage. This will benefit the public by helping to reduce road traffic and the economic and environmental damage it can cause. This in turn will form an important part of the Governments commitment to reducing carbon emissions agreed in the Kyoto Protocol. Continuing with the present regulatory structure would bring no additional benefits.

Compliance costs

118. Across the rail industry, the businesses most affected will be licence holders and franchisees, eg Railtrack, and the train operating companies. The total number of people employed by these companies is approximately 100,000. Other businesses, such as those sub-contracted to Railtrack to maintain the network, and associated suppliers, are not likely to be significantly affected.

119. *Option one:* There will be no direct costs falling on any of the businesses identified above as a result of the Act. Additional costs will depend on the Rail Regulators assessment of how Railtrack is complying with its current licence obligations, and how far train operators fulfil their obligations under existing franchises and licences. The Government expects that most companies will avoid fines by complying with their obligations. The Act gives the SRA and the Regulator more effective enforcement powers, but it is not possible to quantify their effect as it depends entirely on how the industry reacts to the new regulatory regime.

120. *Option two:* There would be no extra costs if the current structure remained unchanged.

121. The Government does not expect that setting up the SRA will involve significant additional public expenditure. The Act will effectively transfer the responsibilities of OPRAF and BRB and some functions of the Office of the Rail Regulator and DTLR to the SRA. There may be some additional staff costs. The Government calculates these at up to Â£5 million per annum for each of the three years 1999/2000 to 2001/2002.

Environmental impact

122. The creation of the SRA and the introduction of extra enforcement powers to improve performance will encourage people and freight to shift from road to rail which will bring undoubted environmental benefits. Moreover, the SRA will appraise proposals for specific new investments against the new planning criteria. These criteria mean that for the first time, environmental effects will be considered on an equal footing with economic and social impacts. This will make environmentally sustainable decision-making easier.

123. The SRA will work to meet the existing DTLR target of increasing passenger miles by 15% since privatisation. It will also develop further targets for both rail passenger and freight traffic in conjunction with the Commission for Integrated Transport. Meeting these through the pursuit of the above objectives, and improved rail performance through tougher enforcement, will contribute to the White Papers aim of reducing road traffic growth and associated environmental impacts.

124. By implementing policies to encourage modal shift from road to rail, the SRA will play a key role in reducing emissions of both short and long-range air pollutants and global warming gases. Reducing or reversing road traffic growth will also reduce pressures to increase road capacity, which would damage the natural environment.

125. Research commissioned by the Department ^[4] demonstrates that per passenger kilometre and per freight tonne kilometre, rail is consistently less environmentally damaging than the road alternative across the range of polluting emissions and global warming gases. For example, for an average city journey research established that per gross passenger kilometre/total life-cycle emissions of carbon monoxide for the average train were 3.5% of those for the average car; hydrocarbon/volatile organic compound

emissions 14.8%; sulphur dioxides emissions 85.1%; and emissions of oxides of nitrogen 90.1%. ^[5] Overall emissions from trains account for less than 1% of the national total. Between 1984 and 1994/5 the percentage of train mileage covered by more polluting diesel trains fell from 53% to 49%.

126. In formulating its strategic vision of the rail network and the investment needed to deliver it, the SRA will make use of the planning criteria agreed by the Secretary of State. These criteria provide a guide to the appraisal of financial support for passenger franchises. They will be used to assess the performance of proposed rail schemes against 5 criteria set out in the White Paper, ie environment, safety, economy, accessibility, and integration. For major projects, the SRA will expect the schemes proposer to conduct a full Environmental Impact Assessment. For other projects, how much detail the SRA will need will depend on the size of the scheme. Nevertheless, the SRA will expect even the smallest schemes to contribute to sustainable development objectives.

Equal treatment impacts

127. The White Paper and "*A New Deal for the Railways*" said that the SRA would promote the provision of accessible transport for disabled people.

128. The Act places a duty on the SRA to have regard to a number of considerations, including the interests of disabled people. The SRA will assume the Regulators existing function of preparing, revising and promoting a code of practice for protecting the interests of disabled rail users. The SRA will inherit the Franchising Directors duty relating to discounted fares. The Regulator will continue to have his existing general duty to have regard to the interests of disabled people. These measures to protect the interests of different social groups who use the railway will be part of the new regulatory regime established by the Act. The Act will therefore ensure that measures to protect the rights of all social groups remain legally enforceable.

129. Appointments to the SRA will be based on merit, with independent assessment, openness and transparency.

Enforcement, sanctions and review

130. The SRA and the Rail Regulator will be responsible for enforcing contractual and licence obligations, using the proposed new enforcement powers. They will each produce an Annual Report. In respect of existing licences the SRA will be under the same duties and subject to the same considerations as the Regulator. Therefore, it is not expected that the assumption of this responsibility by the SRA will result in additional costs to business. The SRA and the Rail Regulator will be required to maintain registers listing all franchise agreements and licences that have been issued or amended and any documents relating to them. These registers will be available to the public on payment of a fee.

^[4] Life cycle Emissions of Land Transport Modes in the UK (Smith R, Harris N) February 1998

^[5] Life-cycle Emissions of Land Transport Modes in the UK; the Effects of Change, Report for the Department of the Environment, Transport and the Regions, RA Smith and NR Harris, February 1998

Part V Miscellaneous and supplementary measures

131. Sections 255 to 272 and Schedules 29 to 30 of the Act contain various miscellaneous measures which are not related to the other Parts of the Act. Some of these measures have neutral impacts.

132. Sections 273 to 280 of the Act contains supplementary provisions including power to make commencement orders to bring the various Sections into force, territorial extent, and the short title of the Act. Schedule 31 lists legislation which is repealed by the Act.

Street works (Sections 255 and 256)

Policy objective

133. The Act allows regulations to be made to permit highway authorities to charge undertakers (such as gas, water or telecommunications companies) for occupying the highway from the commencement of street works ("lane rental"). The Act also makes a number of additions to the power in section 74 of the New Roads and Street Works Act 1991 ("the 1991 Act") which allows regulations to be made permitting authorities to charge undertakers where they fail to complete works by an agreed deadline.

Options considered

134. The Government consulted widely in October 1999 on both charging options and other means of helping to reduce the disruption caused by street works. In the light of the consultation, the Government announced that it intended to issue regulations under section 74 of the 1991 Act. However, the Government wishes to see whether these are successful in reducing disruption, before taking a decision on whether to activate the lane rental powers. Any such regulations would be subject to consultation with affected bodies as to the level of charges.

Issues of equity and fairness

135. The organisations affected by these measures are mainly utility companies and highway authorities, and their contractors. However, under section 74 of the 1991 Act, efficient utilities and their contractors who complete works to deadline and did not occupy the highway unnecessarily would incur no charge. The powers to charge undertakers "lane rental" for occupying the highway will only be activated if the measures under section 74 fail to reduce disruption by encouraging undertakers to complete their works by their agreed deadlines.

Benefits

136. The aim of regulations made under the Act is to reduce unnecessary occupation of the road and footway and thereby reduce the adverse effects of delayed journeys, increased pollution and inconvenience to pedestrians. These are not quantifiable at this stage, as it will depend upon how far the performance of the utilities and their contractors improves in completing street works to deadline. However, reduced delays would benefit all road users including commercial and business traffic.

Compliance costs

137. The costs would primarily affect utility companies and their contractors. Efficient utilities and their contractors whose work did not overrun would incur no charges. Whilst there would be some small costs to utilities in operating the scheme, the extension of the Electronic Transfer of Notifications scheme to encompass section 74 should make the transfer of information easier and cheaper. Highway authorities would probably incur some additional costs in monitoring utilities performance.

138. Compliance costs for individual businesses will depend on the number of highway authorities who take up the option of charging utilities for the overrun of works (or lane rental, should such measures be introduced).

Environmental impact

139. Some disruption to traffic and pedestrians is inevitable where the carriageway is reduced or the footway taken over by street works. This can lead to congestion and delay or longer journeys for traffic and additional pollution where congestion is made worse. Noise and dust generated from the works can also be a nuisance to passers by and those living and working in the streets affected and clearly works which overrun prolong that nuisance. The aim of the Act is to reduce that disruption and nuisance.

Equal treatment impacts

140. By minimising disruption to road users, the Act should benefit those with limited mobility, eg the elderly, the disabled and those with young children.

Enforcement, sanctions and review

141. The Act provides for criminal sanctions against undertakers who fail to provide highway authorities with such details of individual street works as is required in the regulations. The Government will monitor how far the power to charge undertakers whose works overrun is successful in reducing disruption, and will then consider whether to activate the powers the Act provides on lane rental.

Driver training and driving instructors (Sections 257 to 260 and Schedule 29)

Policy objective

142. The Act provides powers for the Secretary of State to introduce by regulation driver training schemes, tailoring the schemes to what is needed for different types of motor vehicle. This replaces the current power to introduce by regulation basic training schemes for motorcycle and moped riders (Compulsory Basic Training or "CBT").

143. The Act also moves jurisdiction for determining appeals against decisions of the Registrar for Approved Driving Instructors ("ADIs") from the Secretary of State to the Transport Tribunal (removing a weakness under Human Rights Act in the current law). It provides that enforcement decisions of the Registrar can come into effect after 14 days (rather than at the end of the appeals process) unless the Tribunal stays the Registrars decision. Magistrates courts (Sheriffs in Scotland) are given a power to review the conduct of all relevant tests and assessments. Also, fees can be charged for all relevant tests

and assessments, as they already can for qualifying exams.

Consultation

144. The revised appeals arrangements for ADIs were set out in a consultation paper "*Improving the Approved Driving Instructor (ADI) Scheme*" published in July 2000. Of those who commented on that point the majority were in favour of changing the current regime. Most people employed in driver training are self-employed. Individuals and organisations representing groups within the driving instruction industry will be consulted before driver training courses and improvements to the driving instruction regime are introduced.

Options considered

145. The Governments Road Safety Strategy "*Tomorrows Roads Safer for Everyone*" published in March 2000 made it clear that doing nothing was not an option. Improved road safety brings benefits to all in health, the environment and helping to fight crime. The introduction of training courses at suitable times during the driving career of individuals is designed to reduce both the costs to the nation and distress to the individual.

146. The strategy also announced the Governments intention to improve the enforcement and appeals arrangements for car driving instructors, who are subject to a statutory registration scheme. A key feature is the transfer of jurisdiction for appeals cases to an independent tribunal.

147. The strategy also explained that arrangements for instructors for other types of motor vehicle would be rationalised. There is a statutory scheme for the compulsory basic training of learner motorcyclists, which includes regulating the instructors who deliver the training. Currently that scheme does not include an appeals regime for instructors subject to enforcement action. This is also vulnerable to challenge under the Human Rights Act. In the longer-term, the registration of lorry and bus driving instructors will require appeals arrangements.

148. Jurisdiction for instructor appeals will be placed with the Transport Tribunal. Other options were considered. The Government considered that reforming the current arrangements to change the composition of appeals panels did not offer an adequate level of independence from the decision making process.

Issues of equity and fairness

149. The aim of introducing driver training courses is to produce overall benefits to road users and the community. The improvements in accident and casualty rates will more than offset any short term disadvantage felt by individual drivers compelled to undergo specified training. The cost of investing in training lorry and bus drivers will likewise offer a good return in terms of losing fewer productive working days each year.

150. Driving instructors wishing to appeal against decisions of the Registrar will find the reformed arrangements fairer and will be re-assured that there is a clearer separation between those making administrative decisions and the tribunal hearing the appeal. The introduction of fees for all types of tests and assessments is fairer and better meets the principles of better regulation. It removes the anomaly that better performing ADIs effectively subsidise those whose performance is poor and who therefore require

more frequent tests of continuing ability.

Benefits

151. Improved driving skills will result in fewer accidents and fewer casualties. Better trained motorists are more able to cope with the increasing demands of driving on Britains roads. Improvements to the ADI enforcement and appeals arrangements will benefit the car driving instruction industry. There will be greater independence and separation of responsibilities than in the system it replaces.

152. Although it is difficult to quantify the benefits already seen by the introduction of CBT for motorcyclists it seems reasonable to surmise that it has had a positive impact on casualty figures for inexperienced riders. At present it is not possible to quantify the road safety benefits of compulsory driver training courses for other classes of vehicle and of improving the supervision and appeal arrangements for ADIs.

Compliance costs

153. The introduction of driver training courses will lead to compliance costs for all sectors of industry connected with driving such as road haulage, courier and despatch services, passenger transport and emergency services. It is not envisaged that compulsory training would apply to those who hold full driving licences in the relevant category, but it would apply from the date of implementation to provisional licence holders or newly qualified drivers.

154. At present candidates for the qualifying exams to become a driving instructor pay a fee which covers the costs of providing the examination service. Charging fees to recover the costs for providing all types of tests and assessments, rather than relying on the general registration fee is fairer. It removes the anomaly that better performing instructors effectively subsidise those whose performance is poor and who therefore require more frequent check-tests.

155. It is not possible at present to quantify the costs for business of compulsory driver training courses. The introduction of mandatory training courses for different sectors will have attendant costs but the level of charges will be dependant on whether training is provided in-house or is "bought in" from specialist training organisations. Those employed in the driver training industry are likely to benefit from the resultant increase in business.

156. The cost of providing tests and assessments for driving instructors has not yet been determined but will follow consultation with the relevant sectors.

157. Transferring the jurisdiction for determining ADI appeals will increase the burden on the Transport Tribunal. It is envisaged that any additional costs will be paid from the driving instructors registration fees. There may also be an increased burden on Magistrates courts (Sheriffs in Scotland) when they are given a power to review the conduct of all relevant tests and assessments.

Environmental impacts

158. Central to the driving skills taught will be driving in a manner to minimise the environmental impact of pollution from motor vehicles. Driver training courses will encourage better driving habits, leading to environmental improvements by reducing pollution from motor vehicles.

Enforcement, sanctions and review

159. The introduction of a requirement to undertake driver training courses will be by regulation. Enforcement will be a matter for both the Driving Standards Agency (DSA) and for the Driver and Vehicle Licensing Agency (DVLA). It is expected that an individual will need to demonstrate that they have undertaken the relevant training before they are either allowed to take a driving test or before they are granted a full driving licence.

160. Improvements to the ADI regime include appeals to an independent third party the Transport Tribunal. Appeals from the Transport Tribunal are to the Court of Appeal (Court of Sessions in Scotland).

HGV impounding (Sections 261 to 263 and Schedule 30)

Policy objective

161. These important safety provisions will help to prevent operators running Heavy Goods Vehicles ("HGVs") illegally and to ensure that all HGV operators work within the operator licensing system. The Vehicle Inspectorate ("VI") is given powers to impound HGVs found at roadside checks to be operating illegally.

162. In deciding whether to issue an operators licence, a Traffic Commissioner considers if an applicant is fit to hold a licence. They must have proper maintenance facilities and sufficient finance to keep the vehicles roadworthy, a suitable operating centre and proper arrangements to ensure that the rules on drivers hours are followed and that vehicles are not overloaded. Traffic Commissioners can employ a range of sanctions against licensed operators who infringe any of these conditions. Illegal operators work outside this regime and consequently avoid these checks on professionalism and safety.

Consultation

163. A public consultation exercise was carried out between February and May 1998 on proposals to detaining illegally operated heavy goods vehicles. A preliminary Regulatory Impact Assessment was included in the consultation document. Bodies consulted included road haulage trade associations such as the Freight Transport Association (FTA) and Road Haulage Association (RHA), the Traffic Commissioners, road safety groups and the police.

164. All were strongly in favour of the proposed detention scheme and, since the consultation, they have continued to press for the implementation of this scheme. The Commission for Integrated Transport also supports the proposal. There was no criticism of the proposals. Since the consultation exercise was carried out, discussions have been held with the organisations with an interest in this subject in developing the details of a practical detention scheme and in drawing up the legislation.

Risk assessment:

165. A roadside survey of HGVs carried out by VI in October 1995 found that 1.9% of the vehicles stopped were found to be operating illegally. This represents some 8,000 HGVs. The VI survey also found that illegally operated HGVs are twice as likely to have dangerous roadworthiness defects as legally operated HGVs. Illegally operated HGVs are therefore a significant danger to the safety of other road users.

166. HGVs have a lower involvement rate in accidents per 100 million vehicle kilometres travelled than cars (46 compared to 90) reflecting their greater use of motorways and lower use of urban roads. However, their fatality rate in these accidents is twice that of cars because they cause much more damage to the pedestrians or vehicles with which they collide. When involved in accidents with pedestrians, HGVs are up to six times more likely to kill a pedestrian than cars.

Options considered

167. A number of possible options for dealing with this problem were considered as follows:

1. increasing the maximum fine for this offence from Level 4, currently a maximum of Â£2,500, to Level 5, a maximum of Â£5,000;
2. making unlicensed operation an offence triable in the Crown Court;
3. providing for the directors of a company operating HGVs illegally to be personally prosecuted for the offence;
4. giving courts powers to order the forfeiture of HGVs used by owners convicted of operating them illegally;
5. detaining illegally operated HGVs at roadside checks.

168. The consultation process and subsequent discussions with the road haulage industry have clearly shown that the preferred option is a detention scheme for illegally operated HGVs (option (e)). The provisions in the Act combine options (a) and (e).

169. Whilst it is important that specific measures are introduced to respond to the problem of illegal operators, the regulation required to do so should not be disproportionate to the offence. A detention scheme would not be part of the criminal justice system, but would be an additional means available to VI for enforcing the law on operator licensing. It would be based on the scheme operated by DVLA for the wheel clamping and detention of vehicles for which vehicle excise duty has not been paid. This scheme has proved very popular with the public and there have been no significant practical problems with it. A detention scheme for illegally operated HGVs would also have the advantage over the other options considered in that it places no additional burden on the courts.

Issues of equity and fairness

170. Forfeiture (option d) and detention (option e) involve depriving a person of his private property and means of livelihood and would only be justified if it is in the public interest. But by ignoring the operator licensing system, illegal operators cut costs and undermine fair competition amongst the law-abiding majority of the road haulage industry. Illegal operators also avoid the vetting and review of their operating centres by Traffic Commissioners, which in turn removes the statutory democratic rights of local authorities and local residents to object or make representations against an operators licence being granted on grounds of road safety, local suitability or the environment. There has therefore been considerable pressure for some time, particularly by road safety groups and road hauliers, for action to be taken against illegal operators.

Benefits

171. All of the options considered have helped to ensure, to varying degrees, that all commercial HGV operators respect the objectives of road safety, fair trading and environmental protection which are fundamental to the operator licensing system.

172. In terms of road safety, there may also be considerable financial savings in preventing illegal operations. Illegally operated vehicles are more likely to be in a dangerous condition and accidents involving HGVs cause considerable damage and have a greater possibility of resulting in fatalities. The value of preventing a road accident fatality is estimated at Â£902,500 and a serious road accident casualty at Â£102,880 ^[6].

Compliance costs

173. The Act will benefit the legitimate road haulage industry, which has consistently pressed for action to be taken against illegal "cowboy" operators. There would be no additional costs to existing operator licence holders and the aim is to allow all road hauliers to compete fairly for business on the same basis.

174. There would be some costs to operators who had previously operated illegally, but who now wished to apply for an operators licence. The fee for an operators licence application is Â£160 and Â£250 for the issue of an operators licence with a fee of Â£7 per vehicles per quarter if paid five yearly in advance (or Â£8.50 per vehicle per quarter if paid annually in advance). By operating illegally, they had however been avoiding these costs for many years and undercutting legitimate operators.

175. Options (a) to (d) would have involved, to varying degrees, additional burdens on magistrates and sheriffs courts. A detention scheme (option (e)) would form part of VIs national enforcement programme. This option would not involve the courts at all and the involvement of Traffic Commissioners in the appeal process would be absorbed in the Traffic Area Networks normal workload. Option (d), forfeiture, might also have imposed some burden on the police if they were made responsible for disposing of any forfeited vehicles.

Environmental impacts

176. In order to obtain an operators licence, hauliers are required to have an environmentally suitable operating centre to keep their vehicles in when they are not in use. Operators are also required to have proper facilities in place to ensure that vehicles are maintained properly. Those who do not have an operator's licence avoid these checks and are more likely to use polluting vehicles or keep them at environmentally unsuitable locations.

Enforcement, sanctions and review

177. Enforcement of operator licensing legislation is for the police, VI and the courts. The detention scheme proposed would be used in only a relatively small number of cases, particularly as the deterrent effect of this measure became increasingly apparent. There would be a right of appeal against wrongful detention of a vehicle to the Traffic Commissioner and a further right of appeal against his decision to the Transport Tribunal.

Exemption from the Type Approval rules for certain vehicles (Section 264)

Policy objective

178. Type Approval sets out general construction standards for new vehicles but does not make provision for special vehicles, such as prototypes or those designed to carry abnormal loads. Vehicles may be exempt from Type Approval via statutory instrument (negative resolution). Whilst this is the most appropriate method of exempting large numbers of specific vehicles, the Act provides an order making power which will allow individual or small numbers of vehicles to be exempted from Type Approval without resorting to the full negative resolution statutory instrument procedure each time.

Benefits

179. The Act will enable prompt action to be taken when a request is received from a vehicle manufacturer to exempt a vehicle from Type Approval. This will benefit both vehicle manufacturers and operators.

180. Other impacts are considered neutral.

Licensing of Small Public Service Vehicles (Section 265)

Policy objective

181. A loophole in the Public Passenger Vehicles Act 1981 allows small buses licensed under the Public Service Vehicle (PSV) licensing regime to be used for private hire (minicab) work, even though neither the vehicles nor their drivers or operators were licensed under the private hire vehicle (PHV) licensing system by the relevant local authority. The Government considered this was an anomaly not least in respect of various differences between the licensing arrangements for the operation of small buses and PHVs.

182. The Act prevents PSVs with fewer than 9 passenger seats being used for private hire work. Operators of such vehicles who wish to use them for private hire bookings will need to obtain the appropriate private hire vehicle licence from their local authority. There is some flexibility for operators of vehicles with more than 8 passenger seats who can continue to run small PSVs for private hire providing they form a small part of their overall business.

Consultation

183. Formal consultation was not appropriate given that the Act simply clarifies the appropriate regime for certain types of operation. The measure received widespread support from local authorities, MPs, trade unions and the bus and private hire industries.

Options considered

184. The Government considered the alternative option of introducing by secondary legislation mandatory criminal conviction and medical checks on all drivers of small PSVs as a way of addressing safety concerns. However, this would not have addressed the concerns about the extent to which small PSVs could operate as PHVs. Therefore, it was felt that the existing private hire licensing system was the proper

regime for operating small vehicles for private hire. The Act will also ensure that only small PSVs charging separate fares on routes registered with the Traffic Commissioner can operate local services.

Issues of equity and fairness

185. The new arrangements will not disadvantage particular groups. Those currently operating small PSVs for private hire will be able to apply for a PHV licence from the local authority. The decision whether to grant a licence will be for the licensing authority.

Benefits

186. The new rules clarify the licensing arrangements for small vehicles operated for private hire. They provide an important safeguard for everyone using PHVs and should ensure that all the drivers are subject to the proper criminal conviction and medical checks.

Compliance costs

187. The costs will fall entirely upon operators of small PSVs. There will be an additional administrative burden on private hire licensing authorities processing applications from PSV operators but this will be offset by fee income. It is expected that many operators making the switch to PHV would have already migrated from the PHV to PSV licensing system.

188. Small PSV operators wishing to continue running PSVs for private hire will need to re-licence their operations under the PHV licensing regime unless they are operated as a small part of a big bus operation (ie an operator who runs vehicles with more than 8 passenger seats).

189. In addition, bus operators not in the category of big bus operators who run small PSV services with stopping places (or a journey length) less than 15 miles apart on which separate fares are charged will need to register their services with the Traffic Commissioner.

190. The fee for an operators licence application is £150 and £100 for the issue of the licence. Operators also pay £20 per year to keep the licence in force and £4.50 a month for each vehicle disk. Under the private hire licensing regime, licensing authorities outside London are free to set their own fees for issuing licences, although such fees must only cover administration costs. In London, the fee is £280 per year for a five-year licence or £160 in the case of a small operator with no more than two vehicles.

Enforcement, sanctions and review

191. Enforcement of the bus operator licensing regime is for the police, VI and the courts. Enforcement of the private hire licensing regime is the responsibility of the local private hire licensing authority. Following implementation of this measure, the Government will consider whether further measures are required to ensure all drivers of small PSVs even those operating on registered local bus services receive a criminal conviction and medical check.

Drivers hours (Section 266)

Policy objective

192. The Act gives VI and Police power to prohibit drivers of UK-registered vehicles who have exceeded their permitted driving time from continuing their journey until they have had the necessary rest period. This power already exists with regard to foreign-registered vehicles and the provision rectifies the inequality in the treatment of UK and foreign registered vehicles.

Benefits

193. For road safety reasons, it is important that enforcement officers are able to prohibit where a driver is found to have exceeded his daily driving time limits and/or has taken inadequate rest. In some cases, prohibition might be a more effective action than prosecution. Such a power also acts as a deterrent, and removes any ground for complaints of discriminatory treatment between UK and foreign registered vehicles. It is not possible to quantify the road safety benefits of prohibiting exhausted drivers from continuing their journey when they are a danger to themselves and other users.

Enforcement, sanctions and review

194. The regulatory regime set out in the Act is similar to that which already applies to foreign registered vehicles under the Road Traffic (Foreign Vehicles) Act 1972. Enforcement will be a matter for VI and the Police.

London Bus Service Permit: Appeals (Section 267)

Policy objective

195. The Act provides that appeals against the refusal, revocation or suspension of a London bus service permit will be considered by an independent panel appointed by the Lord Chancellor.

Issues of equity and fairness

196. The provision was included in the Act to ensure compliance with Human Rights legislation.

Compliance costs

197. Regulations will be made in due course setting out how fees for dealing with appeals will be recovered.

Home Zones and Quiet Lanes (Section 268)

Policy objective

198. Home zones aim to improve the quality of life in residential streets by making them places for people, not just for traffic. They can, for example, provide areas for children to play, or provide environmental improvements and facilities such as seats for older residents and parents to meet

199. Quiet lanes will address concerns that the tranquillity and attractiveness of the countryside is being eroded by the continued encroachment of the motor vehicle. Quiet lanes will discourage extraneous motor vehicles whilst still allowing access to individual properties. They are also intended to encourage increased walking and cycling activity to schools and shops as a result of the improved environment in the lanes.

200. The Act gives legal status to the concept of quiet lanes and home zones. Local transport authorities are given powers to designate home zones and quiet lanes, and make orders about the use of the roads and about speed reduction measures in home zones and quiet lanes, subject to regulations to be made by the Secretary of State or NAW. The Act provides the foundation for the more widespread introduction of home zones and quiet lanes in England and Wales.

Consultation

201. There was limited consultation before legislation was introduced but the Government will consult in due course about the nature and scope of the regulations to be made for England, and about guidance to local authorities. Good and effective consultation with residents can ensure that the design of individual home zones and quiet lanes meets the needs of the local community, and local authorities will wish to carry out effective consultation before introducing any schemes.

Options considered

202. The Government is monitoring 9 pilot home zone schemes and two quiet lane projects over a 3 year period and the Government considered making no legislative changes until the end of the pilot project. However, there is a great deal of interest in England and Wales and a number of local authorities are preparing home zone and quiet lane schemes. The Government therefore introduced specific powers in this Act in order to encourage local authorities to introduce more schemes.

Issues of equity and fairness

203. The Act aims to meet the needs of the local community and improve residents quality of life. Quiet lanes will also improve access to the countryside for older people and those with disabilities, along with other vulnerable road users, thus improving the equity and fairness for these groups of road users.

Benefits

204. The Act should encourage local authorities to introduce home zones and quiet lanes to improve the quality of life of local residents. The provision to introduce orders would allow the road to be used for purposes other than passage, giving increased flexibility to local authorities to meet the needs of the local community.

205. Although it is not possible to quantify the benefits of the provision it seems likely that the quality of life of local residents will be increased. As home zones and quiet lanes are designed to meet the needs of the community the provisions will be different in each scheme.

Compliance costs

206. There may be some implications for business, for instance if it were proposed to exclude through traffic from a mixed residential shopping street within a home zone. In the case of quiet lanes access will be discouraged but not denied. There may be businesses within the home zones and quiet lanes and their concerns and requirements will have to be addressed by the local authority.

207. The costs to local authorities will be for consultation, implementation and monitoring. It is for local authorities to decide the number and scale of schemes to be introduced.

Environmental impacts

208. The environmental impact of the legislation will depend on the extent to which local traffic authorities introduce home zones and quiet lanes. The legislation has the potential to bring environmental improvements at a local level.

209. Home zones and quiet lanes schemes will reduce the numbers and speed of motor vehicles in the areas concerned, thus producing local environmental benefits. The change in the overall balance of use of a street will open up opportunities to make improvements to the appearance of the area. They will provide opportunities to use less polluting forms of transport, such as walking, cycling and, in the case of quiet lanes, horse riding. The discouragement of motor traffic, without preventing access to those who require it, will provide the benefit of less traffic noise and pollution. Quiet lanes should have a positive aspect in assisting in the creation of a more tranquil and attractive rural environment.

Equal treatment impacts

210. Home zones and quiet lanes should have a positive equal treatment impact. The areas should improve conditions for vulnerable road users including disabled people and older people. The importance of designing for all sections of the community, even though current residents might not have any special requirements, has been recognised in the development of the pilot schemes. This approach will accommodate future needs of individuals living there now, as well as anyone who might move into the area in future.

Enforcement, sanctions and review

211. There are no enforcement requirements, however local authorities will be encouraged through guidance to monitor the implementation of home zones and quiet lanes and review whether they are meeting the objectives intended.

Speed limits in rural areas (Section 269)

212. This measure contributes further to the Government's road safety objectives, by requiring the Secretary of State to review the need for a rural speed hierarchy and publish a report within 12 months of Royal Assent of the Act. Impacts of this provision are therefore considered neutral.

School crossing patrols (Section 270)

Policy objective

213. The Act honours the Government's pledge to review the operation of school crossing patrols. This provision allows school crossing patrols to stop traffic to help any pedestrian cross the road and not just for those who are school children or accompanying a school child. Removal of the current time restrictions specifying when crossing patrols may be provided will also give local authorities more flexibility in responding to the needs of schools.

Issues of equity and fairness

214. The new measure provides greater equity and fairness to all pedestrian road users with little or no inconvenience to other groups (eg motorists, public sector/local authorities). Local authorities are responsible for providing crossing patrols and retain local discretion in providing them according to needs and available resources.

Benefits

215. The more flexible and less restricted arrangements will benefit all pedestrian road users and the community generally by enhanced road safety. The extended powers will make it safer for some people to cross the road, but it is not possible to quantify the benefits in terms of accidents saved.

Equal treatment impacts

216. The new provision should have beneficial impact on equal treatment as crossing patrols will be able to stop traffic to help any pedestrian cross the road rather than just those who are school children or accompanying a school child.

Enforcement, sanctions and review

217. As with other road safety legislation, the new measures will be enforced by the police as necessary as part of their normal traffic duties. The proposals were formulated in consultation with local authorities and other key interests. It is not intended to formally monitor or review their impact, but the Government will continue to liaise with local authority safety officers and others on the working of the new arrangements.

Secure stands etc for bicycles and motor cycles (Section 271)

Policy objective

218. This provision represents a major step forward in preventing theft of motorcycles by enabling local authorities to provide secure parking for motorcycles as well as bicycles at designated places on the highway or in off-street car parks.

Compliance costs

219. The cost to local authorities is likely to be small and could be recouped by charging motorcyclists for using the secure parking facilities provided. There may be a small cost to business if local authorities decide to provide and use existing powers to charge for secure motor cycle parking but this is likely to be balanced by the benefits of secure parking. This should help reduce theft, and so cut the extra costs associated with replacing stolen motor cycles, and reduce insurance losses on claims.

Extension of the Freight Facilities Grant scheme (Section 272)

Policy objective

220. The current Freight Facilities Grant scheme covers rail and inland waterways projects. The aim of the scheme is to encourage the movement of freight from road to more environmentally friendly modes of transport. The exclusion of shipping, which is recognised as one of the most environmentally friendly modes of transport, was an anomaly which this provision rectifies.

221. The Act gives the flexibility to allow the Freight Facilities Grant to be paid for eligible inland waterways and shipping schemes to shipping companies, ports, consignors, consignees and navigation authorities. In principle, grant will be paid regardless of the ownership of the companies concerned or the registration of the vessels, provided that it is in the public interest and the environmental benefit is achieved within the UK.

Consultation

222. The Governments proposals for the shipping industry were set out in "*British Shipping: Charting a new course*" published in December 1998. The recommendations in the paper followed extensive consultation with the industry, particularly through discussions in the Shipping Task Force. There will be consultation with interested parties, including small business, on the detail of the scheme before it is finalised.

Options considered

223. The previous scheme was intended to encourage the transfer of freight from roads to more environmentally friendly modes of transport, but applied only to inland waterways and rail, not maritime services. It also applied only to facilities dedicated to a particular traffic, which is often not the case with port infrastructure. As a result of these factors, the scheme had very little impact in encouraging waterborne traffic. In order to achieve the desired modal shift, and enable businesses to transfer from road to water transport without loss of competitiveness, the Government recognised that it would be necessary to expand the scope and application of the scheme.

Benefits

224. The extension of the scheme is expected to lead to a transfer of traffic from roads to inland waterways and sea transport, reducing congestion on the road network and pollution. The amount of environmental benefit/congestion relief will depend on the rate of take-up of the scheme by the industry.

Environmental impact

225. It is the Government's policy to encourage the transfer of freight traffic from the road system to more environmentally friendly modes of transport. It is hoped that the Act will bring about a significant shift in patterns of transportation, enabling companies to remove freight traffic from the road system without loss of competitiveness. This would lead to a reduction in congestion and harmful emissions.

226. The environmental impact will depend on the extent to which shipping companies, ports, consignors and consignees take up the available grant for eligible schemes. The Act requires that a condition for the payment of grant will be that freight traffic must be transferred from road to water, thus ensuring an environmental benefit. The amount of grant actually given will depend on the value of the environmental benefits. The extent to which lorry miles are saved will be an integral part of the calculation to determine the level of grant payment to be made. There are potential benefits both nationally and locally.

Enforcement, sanctions and review

227. This is an optional grant scheme, so no enforcement or sanctions will be appropriate, other than those to ensure that the grants are spent in accordance with the terms on which they were awarded. The Government will monitor the scheme and take action in case of suspected fraud and will also monitor the take-up of grants and conduct periodic reviews as necessary.

[6] DETR Highways Economics Note No. 1, September, 1998