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## Research and Library Service Briefing Note

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# Permit arrangements for community transport providers in Great Britain

## Introduction

Kellie Armstrong, Director of the Community Transport Association Northern Ireland (CTANI), appeared before the Committee for Regional Development (the Committee) to highlight the concerns of the NI community transport sector regarding proposals made in the Department of the Environment (DOE) consultation on the future of bus operator licensing. Currently those operating a bus passenger service for nine or more passengers must possess a Road Service Licence (RSL) although for community transport (CT) operators there is an exemption from a RSL through the 10B permit scheme, similar to the section 19 permit in GB (see below).

Under new proposals, CT volunteer drivers will be required to pay up to £250 to obtain a commercial driving licence reducing recruitment and retention of volunteers in a sector which up until now has had unprecedented success in this area. While the CTA agree that the current permit system does have problems, such as permits lasting indefinitely, it suggests measures to improve rather than replace current structures should be implemented. In GB for example, since 6 April 2009, section 19 permits have been time-limited, for five years.

A further recommendation by CTANI is the introduction of an equivalent to section 22 permits (see below). A similar permit scheme in NI would allow CT operators to offer innovative services to the more isolated communities and could potentially be

accommodated under the new permit scheme outlined in the Transport Bill (2010). Similarly CT operators may also be able to tender for service contracts both of which would support the one of the major aims of the Bill i.e. the growth of the public transport market.<sup>1</sup>

## Background

Over the last five decades the voluntary sector has increasingly provided passenger transport services that, while being regarded as ancillary by government and private operators, provide a vital lifeline to marginalised individuals and groups who use them. More recently government has recognised the benefit of such services in increasing social inclusion and as such the 'community transport' (CT) sector has been recognised in statute and has attracted funding support from government. The main characteristics of CT are that it is locally based; it is often demand responsive i.e. not scheduled; and it is operated on a non-profit basis.<sup>2</sup>

## Statutory provisions

In England and Wales, organisations that accept payment for providing transport to passengers have traditionally required a public service vehicle (PSV) operator's licence issued by the relevant traffic commissioner or a private hire vehicle licence issued by a local authority.<sup>2</sup> As CT services are run on a not for profit basis they are exempt from the need to hold a PSV operator's licence,<sup>3</sup> however, they are required to hold permits issued under either Section 19 or Section 22 of the [Transport Act 1985](#), commonly referred to as section 19 and 22 permits.

## Section 19 and 22 permits

There is one major difference between these two permits: section 19 permits are issued to organisations or groups whose aim is to serve its own members or community i.e. not the general public, whereas section 22 permits allow operators to serve the general public. As previously stated, both must be operated on a not for profit basis. Permits are issued by traffic commissioners through the Vehicle and Operator Services Agency (VOSA); or designated bodies<sup>4</sup> who are concerned with: education; religion; social welfare; recreation; or other activities of benefit to the community.<sup>5</sup>

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<sup>1</sup> Introduction to the House of the Transport Bill by Regional Development Minister, Conor Murphy, Tuesday 29th July 2010

<sup>2</sup> (VOSA) Vehicle and Operator Services Agency (2009) "Passenger transport provided under Section 19 or Section 22 permits". VOSA: London [online] available from: <http://www.glosminibusscheme.co.uk/PSV385.pdf>

<sup>3</sup> (CTA) Community Transport Association (2009) "The CTA state of the sector report for England 2009" CTA: Cheshire.

<sup>4</sup> Bodies designated in an order made by the Secretary of State, or Welsh Ministers, under section 19(7) of the Transport Act 1985

<sup>5</sup> (VOSA) Vehicle and Operator Services Agency (2009) "Passenger transport provided under Section 19 or Section 22 permits". VOSA: London [online] available from: <http://www.glosminibusscheme.co.uk/PSV385.pdf>

VOSA provide a guide for operators who provide services under section 19 and 22 permits<sup>6</sup> which outline their responsibilities. They must ensure that:

1. drivers are suitably trained and are correctly licensed;
2. vehicles satisfy the appropriate construction and use requirements and are maintained in a safe and roadworthy condition;
3. vehicles are insured and that the insurer is aware that vehicles are used to provide services for hire or reward under a permit;
4. the vehicle is not operated with a view to profit, nor incidentally to an activity which is itself carried on with a view to profit; and
5. only class(es) of passengers allowed by the permit are carried i.e. in the case of Section 19 providers must not provide any transport services that could be viewed to be carrying the general public.

Those wishing to operate under a section 22 permit can apply to either operate on a small bus permit (9-16 passengers) or a small and large bus permit (9-16 and 17+ passengers). In the case of permits issued for large buses, vehicles must comply with PSV standards and hold appropriate certification.

Section 22 permit holders must register with the traffic commissioner to provide a 'local bus service'<sup>7</sup> along a specified route. These routes can be fixed or flexible, the latter of which has been shown to be cost more effective and fit for purpose, particularly in isolated rural areas where these types of permits are most common.

Section 22 permit holders will not be permitted to operate on routes which are already covered by conventional services and will therefore not offer direct competition to commercial enterprises. The fact is that these services are most common in areas where conventional service providers have deemed it unnecessary or indeed unprofitable to operate. In order to subsidise the shortfall in terms of direct fares, organisations are allowed to engage in profit making activities such as private hire, but only to an extent that would cover the costs of running the bus service and maintain their not for profit stature.

## London

According to Kellie Armstrong, Director of CTANI, the Department of the Environment have suggested that the regulated transport market here in Northern Ireland precludes a scheme that works within the deregulated market in England. This is wrong on two accounts:

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<sup>6</sup> Ibid

<sup>7</sup> Local service has the meaning given to it by Section 2 of the Transport Act 1985: "The place where s/he is set down is within fifteen miles of the place where s/he was taken up."

1. The provisions contained within the Transport Bill (2010) introduce contracting powers to the Department which would allow for a permit holder to provide services outside of the contracted network or indeed to tender for a service within it; and
2. This section 19 and 22 permit scheme has functioned within the Regulated market of London since 1985.

Transport for London oversees the 'London bus network'. Local bus services<sup>8</sup> in London which do not form part of the 'London Bus Network' can be provided in accordance with a London Service Permit. A Permit is only required when money fares are being collected and can be valid for up to five years. In terms of accommodating Section 22 providers guidance issued by Transport for London simply states applicants for a London Service Permit must hold either:

- A valid PSV operator's licence, or
- A community bus permit granted under section 22 of the Transport Act 1985

In other words, a section 22 permit is considered equivalent to a PSV licence as long as it is managed according to the national guidelines identified above. This provision maintains the favourable conditions afforded to CT providers and their volunteers.

Transport for London (TfL) explain that a permit will only be issued where it serves the public interest<sup>9</sup> and given that it will be available to the general public VOSA recommend that operators should have adequate systems in place to ensure that services are punctual and reliable.

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<sup>8</sup> Nationally a Local service has the meaning given to it by Section 2 of the Transport Act 1985: "The place where s/he is set down is within fifteen miles of the place where s/he was taken up. In London a Local service has the meaning given to it by Section 34 of the Transport Act 1985: In this Act "London local service" means a local service with one or more stopping places in London".

<sup>9</sup> (TfL) Transport for London (2010) "London Service Permits" [online] available from: <http://www.tfl.gov.uk/businessandpartners/busoperators/1228.aspx>