

## Tendered Network Zones: a briefing

We believe that Tendered Network Zones (TNZs) could be a useful tool for local authorities and have written this briefing to explain why they should be included in the Local Transport Bill.

### **The problem**

Local transport authorities in rural areas sometimes subsidise a majority of the bus routes, but they have no ability to coordinate the bus network as a whole. The authority is effectively planning the buses, but it has no powers to ensure that commercial services fit in with the rest of the network. It can be damaging when bus companies 'cherry pick' a few profitable routes and ignore the others.

In this situation, the local transport authority needs the powers to ensure that commercial buses are coordinated with the rest; it would then have the opportunity to market an integrated bus network that makes sense to passengers.

### **The solution**

A Tendered Network Zone is an area within which a local transport authority can coordinate a single bus network with different buses operating independently but in a co-ordinated way. The local transport authority would be able to run buses in this way if a majority of its services were tendered. The authority would plan the network in consultation with bus operators, and it would need to meet a public interest test. The authority would then provide the Traffic Commissioners with 'registration restrictions' – for example on frequencies or routes - so that new bus services would only be introduced if they coordinated with the planned network.

### **Would enforcement be an issue?**

No. Registration restrictions on new services would be given to the Traffic Commissioners, and if services did not accord with these, they would not be registered. Enforcement would happen in the normal way i.e. if a bus operator runs an unregistered service this would be dealt with by the Traffic Commissioners as normal.

### **Would cost be an issue?**

There would be a cost for a local authority choosing to provide a TNZ, because the authority would need to have a member of staff to plan the network. This cost would be justified if it resulted in an improved bus network which would encourage use of public transport. In some ways, a TNZ might actually reduce costs – Swansea council found that by tendering bus services on the Gower peninsula as a group and marketing as a network patronage went up and 27% of those using the network had a car and chose not to use it. In this case the services were all previously tendered separately – TNZs would allow this kind of network planning and marketing in areas where most services are tendered but a few are still run commercially.

**What about competition law?**

TNZs should be introduced into the Local Transport Bill by extending the provisions relating to Statutory Quality Partnerships. The same public interest test would need to be met in order for the local authority to be allowed to set up a TNZ. New commercial services that enhance the existing bus network will be encouraged - only services which undermine the network would be rejected.

**Would it lead to investment in new services?**

The main purpose of a TNZ is to enable local authorities to coordinate and plan the existing bus network in a sensible way. However, a well-planned, integrated bus network may attract new passengers, and so indirectly lead to investment in new services by commercial operators who recognise there is a growing market.

**Why can't this be done through voluntary or statutory partnerships, as outlined in the Bill?**

In rural areas, it may be difficult for a local transport authority to offer physical 'facilities' which are required in the normal statutory partnerships between bus operators and authorities. In a Tendered Network Zone, the authority's contribution would be the co-ordination of a network developed in consultation with the bus operators.

**Is the bus industry against this idea?**

Our understanding is that the bus industry is happy with TNZs in principle, although it may believe that the partnership provisions in the Bill are already sufficient. Certainly TNZs are not a particularly controversial idea – they involve a very limited intervention by the local authority to ensure coordination of services.

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