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From The Secretary of State for Wales

22 March 1984

Nicholas

LOCAL CHOICE IN PUBLIC TRANSPORT : A CONSULTATION PAPER

As you know, our Manifesto for Wales 1983 committed the Government to the issue of a consultation paper about possible changes in the organisation of and responsibility for transport services in Wales. This included the option that more decisions about transport, including local railways, might be taken within Wales possibly by County Councils which are closest to the needs of their own districts, with suitable financial arrangements.

This commitment was amongst the subjects discussed at the meeting of E(NI) Committee on 13 September last where it was agreed that I should issue a consultative paper confined to Wales alone. The Manifesto commitment was, of course, explicit and has aroused considerable interest in Wales with the result that I have been under increasing pressure to publish the promised paper. On the basis of the commitment and the recent further endorsement of it at E(NI) both I and my Ministerial colleagues here have responded to questions by making clear, both in the House and outside, that a paper will be forthcoming soon and that there will be wide consultation upon it.

I now enclose the text which has been discussed and agreed between our officials. Perhaps I could make two specific comments on it. First, I am aware of the work of the Public Road Passenger Transport Steering Group which is intended to increase competition in that field and have ensured that the paper does not run counter to that intention. On the contrary, the paper's postulation of greater local choice implies the possibility of increased competition in the provision of local passenger transport services. Second, I anticipate that any acceptable solutions which might emerge would at the outset be neutral in expenditure terms and in the longer run could lead to expenditure reductions as the efficiency gains resulting from greater choice and increased competition were achieved.

/I seek your

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
2 Marsham Street
LONDON SW1



I seek your and other colleagues' agreement to the text of my consultation paper, for publication. I am anxious that publication should be as soon as possible so I should be most grateful for responses by the end of this month.

I am sending copies of this letter to the Prime Minister, the other members of E(NI) and to Sir Robert Armstrong.

John
Nick

DRAFT

LOCAL CHOICE IN PUBLIC TRANSPORT: DRAFT CONSULTATION PAPER

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INDEX

	<u>Paragraph Numbers</u>
Introduction and Summary	1-4
Background	5-11
Local Public Transport Services	12-13
Buses	14-19
Innovatory methods of Public Transport	20-21
Private Car Sharing	22
Hackney Carriages and Hire Car Services (Taxis)	23
Local Rail Passenger Services	24-25
Financial Status of Local Railway Services	26-28
Local Authority Financial Support for British Rail	29-30
A Possible Extension of the Role of Local Authorities	31-36
Some Problems	37-41
Invitation to Comment	42

LOCAL CHOICE IN PUBLIC TRANSPORT

Introduction and Summary

1. In its Manifesto for Wales 1983 the Government promised to "issue a consultation paper about possible changes in the organisation and responsibility for transport services in Wales which would include the option that more decisions about transport, including local railways, might be taken within Wales possibly by the County Councils which are closest to the needs of their own districts, with suitable financial arrangements".
2. This consultation document fulfils the above commitment. It is emphasised that the Government is not committed to the proposals for change made later in this paper. They are put forward to stimulate discussion about how the problems of providing cost effective local public transport services in Wales might be solved. Comment is invited on this matter and in addition it is the intention that there should be discussion with representatives of bodies with a direct involvement. In the light of the consultation process and of any further relevant developments, such as those which might result from the Department of Transport's working party which is currently studying the whole question of the organisation and regulation of the bus industry, the Secretary of State will announce his conclusions in due course.
3. Local Authorities are already heavily involved with the provision of public passenger transport. County Councils have a statutory responsibility under the Transport Act 1978 for the co-ordination of public transport in their areas. They are also responsible for maintaining and improving county roads and act as the agents of the Secretary of State in maintaining the trunk road network. Nine District Authorities in Wales run municipal bus undertakings while County Councils provide revenue support for services provided by the 3 subsidiaries of the National Bus Company which operate in Wales and some private operators. County Councils have been involved in developing innovatory methods of public transport, especially in sparsely populated areas.
4. As regards rail services, some Welsh County Councils have provided revenue support to British Rail for the provision of additional services and, more significantly, there has also been support for improving British Rail's local

facilities - parking, new halts and reconstruction of stations. However County Councils are not directly responsible for the local rail passenger services provided by British Rail or for the public financial support for them. This consultation paper canvasses the proposition that County Councils might be given these responsibilities together with financial resources to enable them to be discharged. Some of the difficulties about such a proposition are identified and discussed.

Background

5. A modern public transport system complements the economic and industrial development measures now being taken in Wales by Government. The purpose of these measures is to make the main industrial areas of South and North East Wales attractive localities in which modern industry can stay and grow. In rural areas the aim is to promote the growth of a healthy economy with an increasing diversity of employment opportunities so as to stem depopulation. The promotion of the tourist industry is important throughout Wales as is the aim of fostering the services sector. An effective public passenger transport system is also important for the social fabric of the Principality. In sparsely populated areas in particular, some communities would face difficulties if there were no public passenger transport facilities.

Trunk Road Improvements

6. The Welsh Office has a direct involvement in providing the infrastructure for a modern public transport system by virtue of the Secretary of State's responsibility as the Highway Authority for trunk roads. The Government has responded to the demand for better communications by improving the trunk road network. The main objective of Central Government in Wales in this respect has been to improve East-West links in North and South Wales. Hitherto the emphasis has been on the M4/A48/A40 corridor in South Wales (Euro Route No 30) and significant progress has been achieved in this. Since 1980, 22 miles of new or improved sections of the M4 have been provided and, with just a few sections of the corridor remaining to be improved, the objectives set out in Wales: 'The Way Ahead' (Cmd 3334) of motorway/dual carriageway from London to St Clears has been substantially achieved. The emphasis of the trunk road improvement programme has now switched to the East-West route in North Wales, the A55/A5 to Holyhead (Euro Route E22). Visible progress is being achieved along this corridor. By-passes for Llanfair PG and Bangor were opened in August and December 1983 respectively and work is well advanced on the Llanddulas - Glan Conwy section of the A55 (the Colwyn Bay By-Pass) and on the

Hawarden By-Pass. It is intended that construction work on by-passes for Holywell and Bodelwyddan will commence in the next financial year. Further schemes of improvement along this corridor are in course of preparation including the scheme to carry a new section of the A55 across the Conwy Estuary in a tunnel, thereby passing the town of Conwy itself. Apart from improvements to the main East-West routes connecting the population concentrations in North and South Wales to the rest of the Country, improvements have been made to the trunk roads linking North and South Wales. In recent years substantial improvements have been made to the A470 Cardiff - Glan Conwy trunk road. Work is in progress on providing a new dual carriageway between Abercynon and Pentrebach and there are proposals in the forward programme to extend this improvement to Cefn Coed just north of Merthyr. Proposals are also planned for the provision of 4 by-passes on the A483 in the Wrexham area, namely at Ruabon, Newbridge, Chirk and Gresford - Pulford. Another North-South route to be improved is the A487 where proposed improvements include by-passes for Port Dinorwic and Cardigan.

Local Authority Roads

7. The County Councils have the main responsibility for local roads. In some cases they are supported by the District Authority acting as their agents in respect of road repair and maintenance. The Counties' road improvement programmes complement the Secretary of State's trunk road programme and ensure that maximum benefit is derived from investment in the strategic network. The Counties' expenditure on local transport and highways is aided by Transport Supplementary Grant which is paid on capital expenditure in a block which leaves them free to determine their own priorities and to allocate resources accordingly. It is clear from the plans which Counties put forward to the Welsh Office each year that they are fully aware of the important role which highway schemes can play in assisting the development of industry and commerce and enabling good and safe communication within their areas whether by private or public transport. In recent years some of the improvement schemes entered into by the Counties have been major in character, in particular schemes in Gwent and South Glamorgan (including the A467 Risca - Rogerstone and Crumlin - Aberbeeg improvements, and the Cardiff Peripheral Distributor Road) which are elements of comprehensive packages of highway improvements on which those Counties have embarked following the closure of the steel works at Ebbw Vale and East Moors. Other examples of important County Council road schemes are the Hendy - Llanelli link, the Llandudno link road and the Aberdare By-Pass.

The Growth of The Travel Market but the Decline in the Use of Public Transport

8. Since the early 1950's inland passenger travel in Great Britain (measured in passenger miles) has increased by over $2\frac{1}{2}$ times while bus and coach travel has fallen by a half and rail travel by about a sixth. Travel by private road transport (largely cars) has increased almost sevenfold. The future of public transport in Wales must, therefore, be seen in the context of the fundamental changes which have occurred in peoples travelling habits which have been away from public transport towards the private car. This trend has continued for the last 30 years with public transport carrying a steadily declining percentage of the total expanding travel market. In the period 1958 to 1982 the number of cars licenced in Wales rose from 221,000 to 773,000. By 1982 the number of households in Wales with access to a car had reached 70.5%. If the current rate of increase is sustained for a further 10 years, then it is estimated that by 1992 this figure would have increased to 79%.

9. The diversion of travellers from public transport to private cars has led to a contraction in both rail and bus usage in Wales. In the case of railways there has been a contraction of the network. Between 1951 and 1970 British Rail's passenger route mileage in Wales fell from just under 1,400 miles to 631 miles with a reduction in the number of stations from 725 to 184. Since 1970 the rail passenger network has been stable. By the end of the 70's the figure of total passenger miles carried by British Rail was around the same level as that prior to the radical reduction in the network in the 1960's but this largely reflected an increase in long distance carryings on the Inter City services. The total number of passenger journeys has in fact fallen considerably especially on some local service lines.

10. The decline in bus usage began to show itself towards the end of the 1950's and the beginning of the 1960's and has continued steadily ever since with a more rapid decline in recent years. Figures of passenger journeys showing this in relation to carryings by the 3 National Bus Company (NBC) subsidiaries serving Wales are shown in Annex 1. The figures of vehicle mileage and the number of traffic vehicles operated by these subsidiaries for these years show equivalent declines. Both the National Welsh and Crosville operate services outside Wales, in the case of Crosville extensively so in Cheshire, the Wirral and areas south of Manchester.

11. The decline in bus usage has in fact been a spiral of declining patronage leading to increasing fares leading to further declining patronage. Bus operators responded by reducing fleet sizes, closing depots, pruning routes and reducing the number of employees in an effort to bring operating costs and revenue receipts from fares more into balance.

Local Public Transport Services

12. Local public transport services have both a social and economic role. Some people are particularly dependent on public transport. They include the elderly, children, young people, students and housewives without access to cars. The elderly in particular are significant users and can be expected to make greater calls upon public transport services as the percentage of elderly in the population increases. Moreover the elderly are now leading much more active lives than they have done in the past, in many cases supported by better incomes, thus creating a demand for greater mobility for which public transport services are likely to be the major provider. The degree of dependence on public transport will vary as between different parts of Wales depending on the degree of access to private cars.

In Mid Glamorgan for example there were only 215 current vehicle licences per 1,000 population compared with a Welsh average of 275 and a United Kingdom average of 286, indicating a greater reliance on public passenger transport for all age groups including the economically active who travel to work using public transport.

13. Local public transport services are currently provided by private bus companies, by the National Bus Company, Municipal Bus Operators, by Taxi and Hire Car Services and by British Rail. In addition in rural areas "post" buses and social car services have been introduced.

Buses

14. Bus companies both in the public and private sector, provide express services which in combination link Wales with the major towns and cities in Britain. There is no statutory obligation on the companies to maintain the network or any part of it and they operate on a purely commercial basis. The National Bus Company run the Traws Cambria Service which provides a connecting link between North and South Wales which is not directly duplicated by a rail passenger service.

15. Stage carriage bus services in Wales are provided by the National Bus Company by Municipal operators and by private operators.

The National Bus Company provides a network of stage carriage services throughout most of Wales through its 3 operating subsidiaries. Crosville Motor Services operates in North and Mid Wales, the National Welsh in South-East Wales and South Wales Transport in South Dyfed and West Glamorgan.

The Municipal operators with the exception of Aberconwy and Colwyn Borough Councils are restricted to South-East Wales. Newport, Islwyn, Rhymney Valley, Merthyr, Taf Ely, Cynon Valley and Cardiff all run bus undertakings largely within their own district boundaries, although there are also some services connecting the Valleys to Newport and Cardiff.

16. There are over 600 private bus operators in Wales operating in the region of 3,000 public service vehicles which is twice the number of the National Bus Company and Municipal operators public service vehicles combined. The private sector is, of course, particularly strong in the contract and private hire market but they also play a significant role in the provision of stage carriage services, often in rural areas or the small towns and villages where the National Bus Company's presence is less strong or non-existent.

17. In respect of stage carriage services, bus operators currently receive 2 forms of general subsidy from Central Government. New bus grants were introduced in 1968 to encourage the introduction of one-man operated buses and, that objective having been substantially achieved, these grants are now being phased out and will disappear completely this year. Secondly operators have been entitled to a rebate on fuel duty since 1964. However as the decline in passengers has taken effect more and more of the stage carriage services have moved into deficit. The response of the operators has been twofold. Firstly, services which incur the greatest losses have been cut-back and there have been increases in productivity to cut costs. Secondly the operators have required a greater measure of support from Local Authorities for the loss making services, whose continuance the Authorities have deemed necessary in the interests of public transport in their areas. This support has been almost entirely in respect of the operating loss on the services although Local Authorities can also support capital expenditure (except on new buses) and such support ranks as part of accepted expenditure for Transport Supplementary Grant; there have, however, been very few examples in recent years of Authorities supporting capital expenditure.

18. As passenger journeys have declined (see Annex 1) there has been a steady increase in both the overall level of support payments to providers of stage carriage services and also an increase in the percentage of support payments to annual turnover. The level of support to operators in respect of individual services is determined in annual negotiation between Local Authorities and the operators. County Councils have a primary responsibility under the Transport Act 1978 for the co-ordination of public

transport in their areas and their determination of the appropriate level of support for particular services is made in the light of their local knowledge of the requirement for the services in question. Central Government does not intervene directly in this process other than through its general financial support via Rate Support Grant for Local Authorities. The block grant to Welsh Local Authorities currently supports some 62% of all Local Authorities' grant related expenditure in Wales.

19. The figures in Annex 2, provided by the National Bus Company, show the amounts of revenue support provided by Welsh Counties in support of NBC stage carriage services in 1982/83 and the amounts likely to be provided in 1983/84. NBC calculate that even with support of £6.1m in 1982/83 there was an average deficit of 21% in respect of their services in Wales. The Company expect this to increase to 30% in 1983/84. The percentage deficit does, however, vary as between individual counties.

Innovatory Methods of Public Transport

20. The difficulty of providing economic bus services in some remote rural areas has led to the development of unconventional modes of public transport. In the late 1970's the Welsh Office conducted a rural transport experiment to stimulate interest in such matters. The Post Office in collaboration with several County Councils, have established a number of post buses in the rural areas of Dyfed, Powys, Gwent and Clwyd. There are currently 13 such services operating. The post buses can convey the small numbers of passengers requiring local public transport in these areas at the same time as they make their regular collections and deliveries of mail.

21. The Transport Act 1978 enabled organisers of official social car schemes to advertise publicly. Such schemes are operating successfully in a number of rural areas providing door to door transport services which are particularly suitable for the old and infirm enabling them to make essential journeys. They are particularly well developed in Dyfed where some individual 30 schemes, involving 850 drivers and 250 organisers, have been run by the WRVS. Recently the Dyfed scheme was given an award in a National competition for projects involving Local Authorities and voluntary bodies working together. To date, the impact of such services, measured against the operations of the bus companies has not been significant but they are nevertheless playing an important part in the lives of the communities they serve by supplementing these operations. Further developments along these lines and other unconventional methods of providing local transport services are to be encouraged, and suggestions for new initiatives in this field are invited.

Private Car Sharing

22. Before 1978 drivers who gave lifts and accepted contributions towards their costs could find themselves entangled in the bus licensing laws. The Transport Act 1978 made things much easier, but retained restrictions on advertising. The 1980 Transport Act swept those away, and provided that a driver does not make a profit he can receive contributions towards his costs, without being caught by bus licensing or infringing the terms of his private car insurance policy. Thus people with cars can make a contribution to general mobility, especially in journeys to or from isolated work places, and, in rural areas, to shops and health facilities. Clearly in considering the demand for public passenger transport services within a locality, account should be taken of the existence and potential for development of private car sharing and social car schemes.

Hackney Carriages and Hire Car Services (Taxis)

23. The contribution made by taxis and private hire cars is being increasingly recognised by transport planners. Not only do they enable people without cars to make those occasional journeys which are so important to the quality of life, for instance on the occasion of weddings, or to get speedily and conveniently to rail heads, but they are also used very frequently in some areas for ordinary day-to-day business like shopping. In 1980 there were in Wales 900 licensed hackney carriages almost that number of licensed hire cars, plus an unknown number in districts which do not impose licensing controls. Almost 600 of these vehicles were licensed by Cardiff City Council and there were also significant numbers of licensed taxis in Newport, Swansea and Gwr. Taxi services whether or not subjected to licensing controls make a small but increasing contribution to public transport providing added convenience and catering for those areas not directly served by other forms of public transport.

Any transport planner must take into account the existence of taxi and hire car services in assessing the public transport available in a locality; and taxis and hire cars can be used, perhaps with some subsidy or revenue guarantee to supplement more conventional public transport.

Local Rail Passenger Services

24. Rail passenger services in Wales fulfil an important role. Some services link major towns and cities or provide travel corridors into England. They thus serve the requirements of industry and commerce while at the same time allowing tourists

to reach the holiday attractions of coastal and rural Wales from elsewhere in Britain. It is not proposed that there should be any changes in the present organisation and responsibility for provision of such services in Wales.

25. Other services play more of a local role, providing for commuters/shoppers or feeding into main line services or providing for the tourist industry within the locality. It is in respect of the provision of these more local rail passenger services that possible changes in organisation are canvassed in this paper. The local rail passenger services which might be thought of in this category include the following:

In South Wales

The Whitland - Pembroke Dock Service

This is a 27 mile long branch line serving some 10 stations, including the tourist resort of Tenby and Pembroke Dock with its ferry terminal for Ireland.

The Cardiff Valleys - Barry/Penarth Service

This links the Rhondda, Taf and Rhymney Valleys in Mid Glamorgan with Cardiff and via the Coastal Lines, Penarth and Barry in South Glamorgan. There is also a suburban service within Cardiff between Coryton in North Cardiff and Bute Road (Cardiff Docks). There are over 50 stations on this group of lines and the service provide for local travel between the main towns served, particularly daily commuter traffic to Cardiff, and also "feed in" to the inter city network. The greater part of this network is also used for freight traffic, mainly coal from the collieries in the area.

In Mid Wales

The Central Wales Service

This runs along the 90 mile line from Swansea via Llanelli to Shrewsbury and serves 24 stations and halts in Wales and 4 stations and halts in Shropshire. Apart from serving the local communities (and also carrying a substantial amount of coal traffic south of Pantyffynon near Ammanford), the line is of high scenic value and is being promoted as a tourist attraction by British Rail and other bodies with an interest in the line.

In North Wales

The Conwy Valley Service

This runs between Llandudno and Blaenau Ffestiniog and is some 31 miles long.

The line is single track from Llandudno Junction to Blaenau Ffestiniog. It serves 12 stations and halts. The service provided to local communities takes on an extra dimension in the Winter when road communications to Blaenau Ffestiniog can become hazardous in bad weather. In Summer in particular the line carries tourist traffic associated with the development of Blaenau Ffestiniog as a tourist centre; recently a new station has been built there to serve both BR and the Festiniog narrow gauge trains. The line also carries freight in connection with the Trawsfynydd nuclear power station.

The Cambrian Coast Service is on a 58 mile single track line between Dovey Junction and Pwllheli. The line crosses 3 estuaries providing a much more direct line of communication along the North Cardigan Bay Coast than the existing road network. The service includes 28 stations and halts and provides for the local communities throughout the year, especially schoolchildren. The service is used by a large number of tourists in Summer and connects up with the major tourist attractions of the steam operated narrow gauge railways at Towyn, Fairbourne and Minffordd. The Festiniog railway running between Minffordd and Blaenau Ffestiniog enables round trips between Cardigan Bay and the North Wales coast using the Cambrian Coast and Conwy Valley services. These are popular with tourists because of the magnificent mountain views and sea scapes which can be seen from the trains.

Financial status of local railway services

26. BR's local services in Wales are part of the Provincial Services Sector. As for other passenger services, the provision of Provincial Sector Services is governed by the "Public Service Obligation" (PSO) imposed on the British Rail Board in December 1974 by the then Secretary of State under EEC Regulation 1191/69. The Direction imposing the PSO provided that:

"The British Railways Board shall, from 1 January 1975, operate their rail passenger system so as to provide a public service which is generally comparable with that provided at present"

27. The costs of the Provincial Sector exceed revenue by a very big margin. In 1983 for example revenue was about £164m while costs were £666m giving a shortfall of £502m. Due to their relatively fixed cost structures railways stand the best chance of achieving profitability when moving large flows over long distances. The characteristic of the Provincial Sector is mainly the reverse of this - moving low flows over short distances. The low intensity of operations therefore gives rise to very high unit operating costs. The deficit on the Provincial Sector represented

about half the total deficit on BR's passenger business, most of the remainder being in respect of the losses made by the London and South East Sector. The PSO grant for 1982 amounted to £817m and that for 1983 £819m, subject to adjustment for certain factors. The Secretary of State for Transport announced on 24 October 1983 that he had set BR the target of reducing their annual Government grant to £635m in 1983 prices and that this should be achieved by 1986. The Secretary of State for Transport has however reaffirmed the Government's view that it is not its intention that the British Railways Board should embark on a programme of major rail route closures.

28. Comprehensive financial information about individual local services operated by BR in Wales is not available. However given the general financial situation in respect of the Provincial Services Sector as a whole and that it is clear that many of the local services carry relatively low flows of passengers, it is to be expected that in most if not all cases, the local Welsh services will have a deficit of revenue in comparison with costs, the differences being met from the PSO grant. The Welsh Office has initiated discussions with British Rail about the provision of estimates of the financial performance of individual local passenger services. There are likely to be difficulties in practice, and perhaps in principle about the provision of such estimates because of ^{problems} difficulties over attribution of costs to particular services but it may be possible to build on British Rail's experience in providing financial information for Passenger Transport Executives in England.

Local Authority Financial Support for British Rail

29. Welsh County Councils already provide financial support to British Rail in a number of ways. There are a limited number of examples of revenue support towards the operating costs of specific services which are additional to those which British Rail would otherwise provide. Dyfed County Council have recently undertaken to underwrite one daily inter city high speed return service starting at Haverfordwest up to a maximum figure of £30,000 pa. Clwyd County Council provide BR with revenue support in respect of an enhanced Friday/Saturday evening and Sunday service between Wrexham and Bidston.

30. A more significant element of local authority support, however, is in respect of new BR infrastructure - new and refurbished stations, halts, park and ride facilities etc. Gwynedd for example have been involved with support for the new

stations at Blaenau Ffestiniog and Valley. In South Wales, South Glamorgan and Mid Glamorgan have provided support for a new station at Cathays in the University and administrative area of central Cardiff to form part of the Valleys and Coastal network of the area. In addition South Glamorgan are supporting the reconstruction of Grangetown Station, and are planning to provide for the relocation of Cefn On Station primarily to serve new housing in the Thornhill area of Cardiff. In their annual report for 1982 the Transport Users Consultative Committee for Wales drew attention to the Youth Opportunity Schemes promoted by some authorities in conjunction with the Manpower Services Commission to improve the environment of stations. The TUCC have encouraged other authorities to think on similar lines.

A Possible Extension of the Role of Local Authorities

31. It has been pointed out elsewhere in this paper that County Councils have the statutory responsibility for the co-ordination of passenger transport services in their areas. They are in a position to discharge these responsibilities in respect of road transport services because the bus operators have a duty to co-operate with them and the Traffic Commissioners are requested to take account of their transport policies and plans. Local Authorities give revenue support to bus operators for the provision of services they consider to be essential and which would otherwise be withdrawn. In addition they organise where appropriate unconventional modes of transport which serve the needs of remote areas in the most economical way. County Councils are well placed to arrive at judgements on these issues in the light of their knowledge of local conditions and the requirements of their inhabitants especially those without access to cars. Their responsibilities for the improvement and maintenance of county roads and for planning enable them to fit the provision of these services into the framework for the future development of their areas.

32. The Counties are not, however, able to exercise the same degree of influence and choice when it comes to local railway services. County Councils can, of course, engage in planning studies which involve consideration of the role to be played by rail services in their areas. For example Mid and South Glamorgan County Councils are currently preparing a joint study on the potential for bus and rail co-ordination within their administrative areas. However the crucial decisions about the level of passenger rail services and the financial support they shall receive from the public purse are not within the responsibility of the County Council. It is true that some Counties are supporting BR by way of revenue payments for enhanced services and by way of capital contributions towards improved facilities. But this is a "one way choice" - to provide financial support for additional services. It is not within the

ability to decide whether the public subsidy for the local rail services might be better spent in providing alternative methods of meeting the transport needs of the areas. Yet it can be argued that such judgements are no different in character to the judgements about the level of support to bus operators which Local Authorities are already making. They both concern decisions on how available resources can be distributed so as best to meet the welfare of the inhabitants of their areas. It can be argued that these judgements should be based on detailed knowledge of the requirements of local residents and arguably County Councils are best placed to make them.

33. It is for consideration therefore whether the present situation should be remedied by giving the Counties the responsibility of deciding the level of local rail passenger services and the financial support to British Rail that these would entail. The details of the financial arrangements necessary to affect this change of responsibility will require further thought. It might be appropriate that there be a 2 stage process. Initially the Counties concerned might receive a new specific rail related grant in respect of particular local passenger services to enable them to complete Contracts with British Rail to provide the revenue support necessary to maintain services at an agreed level. After a transitional period the County Council would be in a position to decide on whether to continue to purchase the train service or a modified or a reduced one; or road improvements or a bus/coach service or other arrangements in lieu, according to their assessment of the best ways of meeting local requirements and obtaining best value for money. At this stage the specific rail grant arrangements might be phased out and the Authorities' responsibility for maintaining the local rail passenger services or a replacement service could be taken into account when assessing their grant related expenditure for block grant purposes. There would need to be detailed discussions about the integration of support for local rail services into the RSG system and it would be necessary to take account of all the relevant factors prevailing at the time that transition from specific support to support via the RSG system, was made.

34. It is expected that in most cases the Counties would wish to continue to use the available subsidies to support existing rail services. This would not, of course, preclude them from pressing BR to cut costs, improve efficiency and generally provide a better service. It would be for the County Council, or a group of County Councils acting as a joint board, to enter into an agreement with British Rail and to agree the details of the service and the basis of the calculation of the costs of its provision with them. Such an agreement might be similar to the Contracts which form the basis of the funding arrangements between the Passenger Transport Executives and British Rail. The length of time that such agreements might run

would have to be determined having regard to BR's need to plan future capital investments.

35. In some circumstances it might not be possible for an agreement to be concluded for BR to continue to provide the local service. In that event other options might be considered. One possibility is that a private operator might provide a local rail service with perhaps Local Authority support. However the difficulties entailed in such a course must not be overlooked.

36. In other circumstances County Councils might decide to use the subsidy for a particular local rail service to finance alternative transport services. These might be bus services or some 'innovatory' arrangements for taking further the post-bus/social-car service concepts. Such alternative services might be provided by the County specifying in Contract form the minimum service they wished operated and then putting out a Contract for tender, with the operator requiring the least annual subsidy receiving the Contract, ie, what is known as a 'negative bidding' system.

Some Problems

37. There are, however, some problems associated with the proposed extension of the role of the County Councils. First, as has been indicated and notwithstanding BR's experience with PTE's in England, the financial information required in respect of local rail services may well be difficult to obtain. In particular there could be accounting difficulties and a particular problem of reflecting within the financial arrangements an appropriate allowance to support future BR investment in those individual local services. As has already been stated the Department has commenced further detailed discussions with BR about this particular issue.

38. Further consideration will have to be given to the way in which the Counties might be funded to take on new responsibilities in respect of local rail passenger services. In particular the organisational and legislative implications would need further consideration.

39. Some local services run across County boundaries. For example, the Cardiff - Valleys services span Mid and South Glamorgan while the Central Wales line starts in West Glamorgan and travels through Dyfed and Powys to Shropshire. Accordingly there would have to be procedural arrangements for determining levels of service

and financial support. Joint Committees or joint Boards might be set up and empowered to take decisions on these matters, eg, much in the way that Cardiff - Wales airport is managed jointly by Mid, South and West Glamorgan County Councils. Suitable means of settling disputes between Authorities may need to be built into the system.

40. The future role of the Transport Users Consultative Committee (TUCC) in Wales and of the Secretary of State in respect of local passenger services would need further consideration. This would be so both in respect of the TUCC's general role in relation to these services and also concerning any proposals to close them. In respect of the TUCC's general role in dealing with complaints, time-tabling matters, station facilities, etc, the Local Authority would have a direct interest in dealing with such issues itself. Moreover they would be on the spot and as the paymasters would be in a good position to argue the case with BR.

41. In respect of closures, under the existing statutory procedures the Railways Board cannot withdraw a passenger service from any line or close a station against users objections without the consent of the Secretary of State for Transport. If objections to a withdrawal or closure proposal are lodged, then a Public Inquiry is held by the relevant Transport Users Consultative Committee to look into the hardship which would be caused to users of the service. The TUCC Chairman reports to the Secretary of State for Transport and after weighing all the evidence the Secretary of State makes his decision. The ethos underlying these arrangements is that the TUCC by means of a local Public Inquiry is able to elicit full information about the local conditions and present them to the responsible Minister to help him take the decision. These arrangements might remain following any transfer of responsibility for local rail passenger services to Local Authorities. On the other hand it could be held that it was contrary to the principle underlying the proposed transfer to leave the final decision in the hands of Central Government. In that case a further issue for debate would be whether the Local Authority responsible for the decision would need a Public Local Inquiry held by the TUCC. It may be held that Local Authorities should be in possession of as much knowledge as anybody of the implications of their proposals and that the issue ought to be left to the local democratic process.

Invitation to Comment

42. Comments are now invited on this consultation document and should be sent by [] to the Secretary, Transport Policy Division, Welsh Office, Government Buildings, Ty Glas Road, Llanishen, Cardiff, CF4 5PL.

PASSENGER JOURNEYS

'000s

Year	National Welsh Omnibus Services Ltd	South Wales Transport Co Ltd	Crosville Motor Services
1978	58,010	41,865	88,343
1979	55,558	41,605	87,786
1980	51,180	38,276	83,650
1981	42,632	38,253	77,863
1982	42,125	34,256	74,597

* Abstracted from the Annual Accounts of the National Bus Company

REVENUE SUPPORT TO NBC

	1982/83 £000	1983/84 £000
West Glamorgan	970	1,059
Clwyd	1,432	1,525
Dyfed	824	867
Mid Glamorgan	686	750
Gwynedd	927	979
Gwent	584	629
South Glamorgan	504	673
Powys	159	168
TOTAL	6,106	6,650

2 MAR 1984

