

Appendix D

What are Section 19 and 22 permits?

Section 19 and section 22 of the Transport Act 1985 allow organisations that **operate without a view to profit** to have a permit which exempts them from the need to hold a PSV operator's licence when providing transport for a charge.

Standard Section 19 permits (<16 seats excl. driver)¹ may be granted to organisations that operate vehicles without a view to profit to transport their members, or people whom the organisation exists to help. Section 19 permit vehicles can't be used to carry members of the general public. Standard Section 19 permits can be issued by the Traffic Commissioner or Designated bodies; often Local Transport Authorities such as SCC.

Section 22 permits are issued to bodies concerned for the social and welfare needs of one or more communities. They operate vehicles without a view to profit and use those vehicles to provide a community bus service. Unlike section 19 permit vehicles, community bus services are 'local bus services' and can carry the general public. Local bus services are defined as services using public service vehicles for the carriage of passengers by road at separate fares on which passengers may travel for less than 15 miles. Section 22 permits are issued by the Traffic Commissioner.

In respect of local bus services, local authorities are already prevented (Section 89) from inviting tenders from Section 19 permit holders for conventional local bus services. Services provided under a section 19 permit are not classified as "local services" and members of the general public may not be carried **i.e. they must be members of a scheme**.

The Current Guidance

Currently the Traffic Commissioners' guidance² says *"There's no such restriction on the holders of a section 19 permit from tendering for contracts to provide services which are not classified as local services. This may include, for example, school transport on which members of the general public aren't carried, or specialised door-to-door services such as Dial-a-Ride. However, the holder of a section 19 permit may only provide services under a contract where the contract is limited to the carriage of passengers within the class or classes specified on the section 19 permit. There's no legal barrier to local authorities, when they invite tenders for subsidised service contracts under section 89 of the Transport Act 1985, from accepting tenders from section 22 permit holders. Section 22 permit holders may also bid for quality contracts under section 130 of the Transport Act 2000"*.

It goes on to say *"Contracts can't be undertaken with a view to making a profit as this would invalidate the permit. Full cost recovery (FCR) models can be used. Further information on FCR is available from the [Association of Chief Executives of Voluntary Organisations \(ACEVO\)](#)."*

¹ Large bus permits' for vehicles > 17 passengers can be issued through the Traffic Commissioner

² Section 19 and 22 permits: not for profit passenger transport – Traffic Commissioners for Great Britain – August 2013.

Appendix D

The Revised Interpretation

Up until now CT schemes have been encouraged (nationally) to operate on the above basis by the DfT However **the key issue is with the proposed revised interpretation of ‘not for profit’**. Following an inquiry the DVSA (Driver and Vehicle Standards Agency) has recently sent a letter of decision to a CT operator that:

*“Although there is a derogation for operators “engaged in road passenger transport services exclusively for non-commercial purposes or which have a main occupation other than that of road passenger transport operator”, that derogation could not properly be considered applicable **simply** because the operator was a registered charity and was therefore prohibited from distributing its profits. In view of the scope and nature of the operator’s activities – which included the provision of passenger transport services carried out pursuant to contracts won via competitive tender in contestable markets – the factual circumstances did not justify a conclusion that the operator’s engagement in road passenger transport services was “exclusively for non-commercial purposes”. Nor did the operator have “a main occupation other than that of road passenger transport operator”, since its main activity was providing road passenger transport services. The operator concerned therefore required a PSV Operator’s Licence”.*