



Local Transport Act 2008

2008 CHAPTER 26

PART 3

BUS SERVICES

Quality contracts schemes: miscellaneous and supplementary provisions

44 **Quality contracts: application of TUPE**

(1) After section 134A of the TA 2000 insert—

“134B Quality contracts: application of TUPE

- (1) Subsection (3) applies to a situation in which—
- (a) on the coming into force of a quality contract, local services cease to be provided by a person (the “former operator”) in the area to which the relevant quality contracts scheme, or (in the case of a scheme which provides for different provisions to come into operation on different dates) the relevant provision of the scheme, relates, in accordance with section 129(1)(b), and
 - (b) at the same time, a person (the “new operator”) begins to provide local services in that area under that quality contract.
- (2) Subsection (3) also applies to a situation in which—
- (a) local services which, on the coming into force of a quality contract, a person (the “former operator”) would be required by virtue of section 129(1)(b) to cease providing in the area mentioned in subsection (1)(a) of this section, cease to be provided by the former operator before the coming into force of that quality contract, and
 - (b) at the same time, a person (the “new operator”) begins to provide local services in that area under an agreement which the authority or authorities who made the relevant quality contracts scheme entered

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into by reason of the cessation of the local services referred to in paragraph (a).

- (3) Any situation to which this subsection applies is to be treated as a relevant transfer for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”) (whether or not TUPE would apply apart from this subsection).
- (4) For the purposes of TUPE, the organised grouping of employees that is subject to the relevant transfer consists of those employees of the former operator whose employment is principally connected with the provision of the local services referred to in subsection (1)(a) or (as the case may be) the local services referred to in subsection (2)(a).
- (5) Any situation which by virtue of this section is treated as a relevant transfer for the purposes of TUPE is also to be treated as a relevant transfer within the meaning of TUPE for the purposes of sections 257 and 258 of the Pensions Act 2004 and any regulations made under section 258 of that Act.
- (6) The Secretary of State may make regulations supplementing the provision made by this section.
- (7) The provision that may be made by regulations under subsection (6) includes—
 - (a) provision for determining, for the purposes of subsection (4), whether a person’s employment is principally connected with the provision of any particular local services (including provision for or in connection with the appointment of a person to make such determination);
 - (b) provision for determining, in the case of any particular organised grouping of employees, the particular new operator who is to be the transferee for the purposes of TUPE (including provision for or in connection with the appointment of a person to make such determination);
 - (c) provision requiring any person operating local services in the area to which a quality contracts scheme relates to provide the authority or authorities who made the scheme with such information as may be prescribed, at such time as may be prescribed, about such of that person’s employees as would fall within subsection (4) if the person ceased to provide those services in the circumstances described in subsection (1)(a);
 - (d) provision requiring the authority or authorities who made a quality contracts scheme to provide all persons operating local services in the area to which the scheme relates with such information as may be prescribed, at such time as may be prescribed, so as to enable such persons to comply with any requirement imposed by virtue of paragraph (c) of this subsection;
 - (e) provision requiring the authority or authorities who made a quality contracts scheme to ensure that any quality contract entered into with a person under the scheme, or any other agreement made with a person for the provision of local services in the area to which the scheme relates, is made on terms—
 - (i) that require the person, in the event of there being any transferring employees, to secure pension protection for

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- every transferring employee, or every transferring employee of a prescribed description, who as an employee of the former operator had rights to acquire pension benefits, and
- (ii) that, so far as relating to the securing of pension protection for a transferring employee, are enforceable by the employee.
- (8) For the purposes of this section—
- (a) “transferring employee” means an employee of a former operator whose contract of employment becomes, either by virtue of TUPE or by virtue of this section, a contract of employment with a new operator;
- (b) “pension protection” is secured for a transferring employee if after the change of employer referred to in paragraph (a)—
- (i) the employee has, as an employee of the new operator, rights to acquire pension benefits, and
- (ii) those rights are of such description as is prescribed by regulations.
- (9) The Secretary of State must exercise the power conferred by this section to make regulations containing provision falling within subsection (7)(e) so as to ensure—
- (a) that pension protection is required to be secured for every transferring original employee who, as an employee of the original operator, had rights to acquire pension benefits, and
- (b) that the rights to acquire pension benefits which a transferring original employee has as an employee of the new operator by virtue of paragraph (a) are rights which—
- (i) are the same as the rights the transferring original employee had as an employee of the original operator, or
- (ii) under provision made by regulations, count as being broadly comparable to, or better than, those rights.
- (10) For the purposes of subsection (9)—
- “transferring original employee” means a transferring employee—
- (a) who immediately before the relevant date was employed by a person (the “original operator”) providing local services in the area to which the relevant quality contracts scheme relates, and
- (b) whose contract of employment—
- (i) was, from that date until the change of employer referred to in subsection (8)(a), a contract of employment with the original operator, or
- (ii) on each occasion when the employee was subject to a relevant transfer became, either by virtue of TUPE or by virtue of this section, a contract of employment with a person providing local services in the area referred to in paragraph (a);
- “relevant date”, in relation to a quality contracts scheme, means—
- (a) the date on which the scheme was made, or
- (b) where—

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- (i) the local services being provided by the original operator were not subject to the scheme when it was made, and
- (ii) as a result of either the variation of the scheme, or the continuation of the scheme with modifications, those services became subject to the scheme,

the date on which that variation, or (as the case may be) the decision to continue the scheme with those modifications, was made;

“relevant transfer” means anything that is, or is to be treated as, a relevant transfer for the purposes of TUPE.

- (11) A person is guilty of an offence under this subsection if—
- (a) the person provides information in accordance with a requirement imposed by virtue of subsection (7)(c),
 - (b) the information is false or misleading in a material particular, and
 - (c) the person knows that it is or is reckless as to whether it is.

(12) A person who is guilty of an offence under subsection (11) is liable on summary conviction to a fine not exceeding level 4 on the standard scale.”.

- (2) In section 26(1) of the TA 1985 (conditions attached to PSV operator’s licence) after paragraph (b) insert—

“(bza) the operator has failed to comply with a requirement imposed by virtue of section 134B(7)(c) of the Transport Act 2000; or”.

- (3) In section 155(1) of the TA 2000 (penalties) for “or” at the end of paragraph (b) substitute—

“(ba) failed to comply with a requirement imposed by virtue of section 134B(7)(c) of this Act, or”.