

Inquiry into Child Poverty and Parental Employment – submission from CPT Scotland

Thank you for the invitation to submit evidence to the Committee ahead of the session on 7 September focusing on transport needs, and how the Scottish Government is working with local authorities, employers and other partners to support parents find suitable jobs or move into paid work.

The Confederation of Passenger Transport (CPT) Scotland is the trade association for the bus and coach sectors. CPT facilitates and represents the bus and coach industry in Scotland to provide better journeys for all, creating greener communities and delivering economic growth. We do this by representing members in Scotland from across the industry be they large or small, bus or coach, operator or supplier. We campaign for a supportive policy environment, give our members practical advice and support to run their businesses safely, compliantly, and efficiently, and bring the industry together to share ideas and best practice.

Bus services in Scotland and Demand Responsive Transport

The majority of local and inter-city bus and coach services in Scotland are provided by private operators. One exception is Lothian Buses, which is local authority owned but operates on a commercial basis at arm's length.

The 2019 Transport (Scotland) Act gave local authorities the power to run local bus services, alongside maintaining responsibilities for subsidising local services where there is a need. The Act is not restrictive in the way this can be done, for example this could be directly owning assets like vehicles, or through an arm's length external organisation, similar to Lothian Buses. These powers were commenced in June 2022.

The 2019 Act also allows for Bus Service Improvement Partnerships which are a new type of statutory partnership between local transport authorities and bus operators. As part of a partnership, a range of service standards, including on the frequency or timing of services, the vehicles used, maximum fares charged for particular journeys, and the pricing of multi-operator travel cards can be established. Enabling secondary legislation to allow for improvement partnerships is expected to be introduced incrementally, with the process starting before the end of 2023.

The Act also allows a local transport authority to make a franchising framework covering the whole or any part of their area. Franchising is a system that allows a local authority to award exclusive rights to run certain bus services to the most competitive bidder for a set period under certain conditions. During this period, no other operator can run those services. Enabling secondary legislation to allow for franchising is expected to begin to be introduced before the end of 2023.

Regardless of model of ownership or operation, the core issues and the economics of running a service remain. These include operational costs (including investment in

zero emission vehicles), staffing, and infrastructure (including tackling congestion, which in turn can impact on passenger numbers).

The following issues are key when considering changes to a service model: accountability, a customer focus, a competitive environment, value for money, innovation and investment, collaboration, and flexibility. Local factors such as the number of operators, routes and populations are also important.

Bus routes and services are determined by actual and likely passenger demand. It is in an operator's interest to provide services where there is either existing or potential demand. The cost of vehicles, costs of operation and availability of drivers are all factors that are considered when allocating resource. The design of a bus network will look to optimise limited resources to provide a comprehensive network of services that are appealing to customers. However, there are limits to the ability to meet every need, or to run a service which carries few passengers as a safety net for occasional users. The provision of bus services is clearly emotive and that is of course a consideration of bus operators as they attempt to serve communities while keeping end to end journey times acceptable to passengers.

There are actions that can be taken by local authorities to assist operators in this regard. Bus priority measures reduce both journey times and operational costs. The condition of bus stops and the enforcement of bus lanes are also within public sector control. Accessibility, reliability, journey times, and ultimately cost are all dependent on the actions of other stakeholders, primarily our local authority partners.

When services are introduced, altered or removed, registrations must be submitted to the Traffic Commissioner. The registration process includes a fortnight for consultation with the relevant local authorities about the impacts of any changes. Where a route is not economically sustainable (for example, due to low patronage, high operational costs, or driver shortages) local authorities can choose to supplement the commercial network by subsidising a service. 15.6% of bus mileage in Scotland is supported, with 84.4% being operated commercially. Over the last 5 years supported mileage has dropped by 34% while commercial mileage has dropped by 7%¹

The inquiry has raised some issues and questions around reliability and frequency of services. Some of these have been due to driver shortages, which has been a key topic for the Scottish Government's Bus Taskforce which CPT Scotland and some of our members have been part of. Another major contributor to service reliability is traffic congestion. We have been working with members, Scottish Government and other partners to ensure the funding committed to addressing this issue (the Bus Partnership Fund) through bus priority measures is invested in ways that improve journey times and reliability creating a positive passenger experience.

For some routes or locations Demand Responsive Transport (DRT) may be a more suitable option rather than scheduled services. The Strategic Transport Project

¹ Scottish Transport Statistics table 2.3a

<https://www.transport.gov.scot/publication/scottish-transport-statistics-2022/>

Review 2 (published December 2022) recommends that “capital funding is used to support pilot schemes and demonstration projects to establish how DRT and Community Transport (CT) can provide improved public transport connectivity and integration without increasing the need for revenue support”. At time of writing Transport Scotland are working on a delivery plan to realise the recommendations in the Review.

Fair Fares Review/Future of Public Transport

The issues raised so far in the Committee’s inquiry highlight the cost of public transport, and the reliability of, and accessibility to, services as key issues. These closely align with the First Minister’s April 2023 policy commitment to make public transport “more accessible, available and affordable”. This Scottish Government work is being channelled through the Fair Fares Review, conducted by Transport Scotland.

Work commenced on the Fair Fares Review in 2021 and it is expected that Transport Scotland will share advice and recommend measures by the end of 2023 which could be implemented from financial year 24/25 onwards. The only announcement from the Review to date is a 6-month pilot to remove peak fares on Scotrail services from October 2023.

The Fair Fares Review remains fairly opaque to the bus sector. Given the timescale for recommendations, CPT would welcome further definition of ‘accessible, available and affordable’ and the opportunity to contribute to Transport Scotland’s consideration of policy proposals. It is clear that travel patterns and demand across public transport modes are evolving and a shared vision on how to grow and improve sustainable and active travel is critical. At this stage we are not yet clear on the government’s objectives for the Review or what actions are being considered. As such it is not yet possible to state whether CPT believes the Review will be a success.

Concessions

The Fair Fares Review was highlighted as one commitment relating to public transport in the 2022 Scottish Government Child Poverty Delivery Plan. The Delivery Plan also highlights delivery of concessionary fares to eligible groups, including under 22s. As the Joseph Rowntree Foundation noted, it will be important to learn from both problems and successes in the Scheme’s first year. Transport Scotland are conducting a Year 1 evaluation of the U22 scheme, and we would suggest asking them to share the findings of this research, as parents are one group that has been surveyed.

We understand the Fair Fares Review may also be considering concessionary eligibility and whether any changes to this should be recommended (examples which have been cited in the written evidence, for example from the Poverty Alliance, include extending existing concessionary travel to all modes, or extending concessionary travel to those on benefits, or asylum seekers).

Under the current Older and Disabled Persons and Under 22 bus travel concession schemes, bus operators carry passengers and receive a reimbursement (a

percentage of the overall fare) from Scottish Government on the principle that operators are no better or worse off as a result of participating in the scheme.

The majority of the Scottish Government budget for bus is allocated to reimbursement for providing concessionary travel at the government's request, essentially payment for a service provided. Extending concessionary bus travel to further groups as a policy would mean increasing the budget spend on this.

Around 40% of bus trips will be taken through the concession schemes. From the point of view of affordability, social inclusion and accessibility, the concessions schemes can be regarded as a success. This is reflected in the growth of the u22 scheme, and the pre-pandemic take up of the older and disabled persons scheme. (Use of the older and disabled scheme has been slow to return and remains 30% lower than pre-pandemic levels).

Greater usage means that the cost to government of providing the schemes increases. One way for government to manage these costs is to reduce the reimbursement rates for operators through scheme reviews. When the older and disabled scheme launched, operators received 73.6% of the cost of the fare for carrying an eligible passenger. This percentage is now 56.8%. Lowering the rate of reimbursement makes it harder for an operator to cover operational costs through the carriage of concessionary passengers and may lead to fare paying passengers having to cover the differential through increased fares or, in extremes, could lead to the cancellation of a service. The concessionary schemes are welcomed by CPT and our operator members, but it is crucial that operators be no worse off for participating in the schemes and that any potential discussion on increasing eligibility acknowledges the need for government to increase the scheme budget.

Integrated ticketing

Simplifying how people pay for tickets, including across different modes and providers is a common issue raised by current and potential passenger groups.

The 2019 Transport (Scotland) Act included provisions for establishing a National Smart Ticketing Advisory Board and setting a technological standard for smart ticketing. The secondary legislation enabling this came into force in May 2023, and appointments are currently being made to this Board.

Concurrently, operators have revised their own tickets, for example introducing flexibilities based on post-pandemic working patterns. In Aberdeen and Aberdeenshire the GrassHOPPER ticket can be used on both First and Stagecoach buses. Similar multi-operator bus tickets can be purchased in Dundee (ABC ticket) and Glasgow (Glasgow Tripper). Additionally, fare capping is now being introduced on an individual operator basis, with some areas, including Glasgow, looking at how their integrated ticketing products can also cap costs for users. There are technical barriers to providing a multi-modal, contactless, capped ticketing product such as the back office process for allocating revenue or setting a cap that takes into account the

varying fares structures of different modes. There are existing products such as One Ticket that provide both bus and rail travel within one product. The challenge for government and operators will be to extend such schemes while finding a way to ensure the technical complexities don't add to the cost of the product to the extent that it is no longer appealing to the customer.

Conclusion

In conclusion, the Committee is right to identify the accessibility, availability and affordability of bus services as relevant to this inquiry.

The impact of the pandemic and longer lasting societal changes, such as the rise in online shopping and hybrid working, have made the operational landscape more challenging – not just for bus in Scotland but across public transport modes and across Europe.

The bus sector remains committed to improving and growing bus services, but this endeavour requires the support of both local and national government. To this end, CPT and our members are engaging in a number of policy work streams with our public sector partners, including ticketing, fares, information, and bus priority.

There is a cost to providing every public transport trip. There are ways in which operators and local and national government can collaborate to reduce this cost, such as cutting car use and reducing congestion. Government can also choose to subsidise the cost of travel for certain groups.

CPT believes both actions should happen concurrently. There is little value in providing free travel if bus is not accessible or reliable.

CPT looks forward to discussing these issues with the Committee.