1. Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

CPT participated in stakeholder consultation prior to the draft Bill being published.

CPT commented on the financial assumptions made within the draft Bill where we felt there was sufficient information available to do so. Sections of the draft Bill are set out at a high level with insufficient detail to enable any detailed consideration of the financial impacts on bus operators or passengers. As such, a ‘broad-brush’ approach had to be used in some of these discussions.

It will only be when subordinate legislation and/or guidance is provided that more detailed work on better understanding the true cost implications behind certain aspects of the Bill will be able to be made. In the context of Low Emission Zones, this is confirmed in paragraph 35 in the Transport (Scotland) Bill, Financial Memorandum;

“As such, it is not possible to make a comprehensive and precise assessment of this or the cost implications at the point of the Bill introduction”.

Part 2 of the Bill regarding franchising proposals is an example of the wide spectrum of potential financial outcomes that could be assumed with the current level of detail.

Given the detail within the Bill it may be possible for an authority to arrive at the conclusion that the introduction of a local service franchise would hold no financial challenge for the operator(s) awarded the franchise. Alternatively, it is possible to arrive at the view that the introduction of franchising would result in significant costs for operators and could ultimately end up in operators who are not awarded the franchise losing their businesses entirely.

2. If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?

Reference has been noted to some of our comments in the Transport (Scotland) Bill, Financial Memorandum. The points noted accurately reflect our discussions with Transport Scotland officials.
3. Did you have sufficient time to contribute to the consultation exercise?

The consultation was held in line with accepted timescales and the deadline for responses was clear. However, it should be noted that the Scottish Government ran a series of consultations with direct relevance to the bus sector in the autumn of 2017. These included consultations on Low Emission Zones, the National Concessionary Travel Scheme, the Transport (Scotland) Bill, and Smart Ticketing. CPT was also heavily involved in the working groups tasked with reviewing the National Transport Strategy. In terms of policy review, the scale of change for this sector is unprecedented.

Given the number of consultations and reviews, and the fact that many will overlap to an extent, more time to contribute to the consultation exercise would have been helpful. For example, it is difficult to respond to the elements of the Transport (Scotland) bill consultation regarding handing greater powers to the local authority or regional levels while the National Transport Strategy reviews their roles and responsibilities.

Costs

4. If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.

Throughout the Bill there are a number of areas where there may well be significant financial implications for our members; some of these have been picked up to an extent but perhaps not all. Equally, until the full extent of the various requirements is clarified, it will be difficult to assess what the full cost implications may well be.

A case in point is the cost to operators of participation in the Bus Emission Abatement Retrofit (BEAR) programme. Table 4 of the Financial Memorandum states that BEAR funding should be based upon £25,000 per bus with up to £15,000 allocated for exhaust abatement equipment and up to £10,000 for ancillary costs. Phase 2 of this funding has yet to be distributed and Transport Scotland now claims that State Aid rules could greatly diminish the funding available to operators per vehicle.

The Financial Memorandum does not accurately reflect that bus operators will now not be able to bid for 100% funding through the BEAR programme and, as such, face huge costs to cover the apparent shortfall.

5. Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

It is reasonable to say that a considerable amount of work has gone into developing the various costs and saving scenarios set out in Transport (Scotland) Bill, Financial Memorandum. Their reasonableness and accuracy can only be judged once a clearer understanding of the detailed requirements within each section of the Bill is better understood.
6. If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?

The bus and coach sector have consistently had to weather increased cost pressures in recent years. However, in these challenging times, where patronage is in decline in many areas and local authorities are reducing service support, this becomes an even bigger challenge for operators.

Should there be significant rises in costs, as a result of implementing elements of the Bill, there is then a very real danger that fares will have to rise and/or service levels reduced to off-set these rises, which will clearly not help encourage greater levels of bus use and could, in fact, result in additional journeys being lost.

Such actions are unavoidable and will result in bus passengers, who are often among the lower socio-economic groups, bearing the cost through higher fares or the loss of services, with a resulting reduction in quality of life and economic activity. Further, this negative economic impact will likely to be particularly pronounced in town and city centres.

7. Does the FM accurately reflect the margins of uncertainty associated with the Bill's estimated costs and the timescales over which they would be expected to arise?

To a degree – see responses to Q4 and Q5 above, which are equally applicable to this question.

Wider Issues

8. Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom?

In general terms, yes. However, it is more than likely that bus and coach operators will be faced with additional costs arising from the bus elements of the Bill, which have not been allowed for in the work undertaken at this time, i.e. specifically around the detailed requirements of the BSIP, Franchising and Improved Information etc. Only once subordinate legislation and/or guidance has been produced will it become clearer what these detailed requirements may be and what additional costs may arise as a result.

As mentioned above, any such costs will result in additional costs to passengers and/or a reduction in service provision.

9. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?

Given the responses above, and until such time as clarity is set out in either subordinate legislation or guidance, it impossible to quantify if a) there is likely to be future costs, or b) quantify what these costs may be. However, on balance, it is more than likely that operators will be faced with additional costs in meeting the bus elements of the Bill. The table on page 46 in the Transport (Scotland) Bill, Financial Memorandum confirms this.