Dear Mr Mountain,

I would like to thank you and Rural Economy and Connectivity Committee members for hosting the constructive and fruitful evidence session at which I appeared at alongside Gillian Martin MSP and Anne Cairns on 26 April. I hope the Committee finds it useful as its Stage 1 considerations of the Seat Belts on School Transport (Scotland) Bill continue.

Given the thrust of some questioning and the nuanced and technical issues this touched upon, it may be advantageous to submit some additional information in writing to inform considerations.

**Finances and Contractual Arrangements Between Councils and Bus Companies**

During the evidence session we covered how the cost forecasts cover a 14 year period. These have been forecast at beginning at £202,000 per year from 2018, rising to £765,000 per year in 2021 and costing this annually for the duration of the period.

There were a number of questions from members on these matters, yet those covering the pertinent issues have been selected below from the official report. There is detailed information on how these figures were arrived at in the Financial Memorandum accompanying the Bill, yet some further context is below to help the Committee in its considerations.

1) Mr Mason MSP noted “…£8.9 million seems quite a high figure, given that we are told that only 110 buses are operating currently without seat belts and that, from what we have heard, that number appears to be falling. Dividing the £8.9 million by 110 gives a figure of £81,000 per bus. Perhaps you can give us a few comments on the financial side.”

It should be noted that it is not possible to calculate the overall impact of the legal duty in this manner and this is not how the costs have been arrived at.

This is because the size, scope and specification of school transport contracts vary considerably nationally, as does the availability of private sector provision across different geographical areas: factors which will significantly impact on costs.
The Bill does not mandate that private bus operators fit vehicles with seat belts. It creates a new legal duty on school authorities and, when councils stipulate that requirement in a contract, there will be a range of options for bus operators in how that is met.

Just as there is not a standard cost-per-pupil or cost-per-journey for local authorities across Scotland, it is not possible to count individual binary units in terms of buses to quantify the financial impact of the Bill. The most appropriate way to calculate this is to use professional expertise to estimate the impact on the overall future contract costs borne by the school authority.

Dedicated school transport contracts are priced as a package. There are various features which routinely change when contracts are renewed such as the number of children to be transported, the number and length of routes, the standards of vehicles and on-board features such as CCTV and Wi-Fi. Outside influences such as current and projected fuel prices can also influence the cost.

Therefore the contract is approached and priced overall, rather than a series of individual features which can be independently costed. As such, it is not possible to isolate the precise role that a new seat belt requirement would play in affecting every future contract across Scotland using the cost of upgrades for individual vehicles.

It is worth noting that the Financial Memorandum does give an alternative cost forecast method based on the hypothetical assumption every vehicle would be retrofitted with belts, to add some wider context to the figure supplied by local government. However, for the reasons above and the structural limitations which mean can be difficulties with retrofitting certain models of bus, it outlines this is not the most appropriate way to approach cost estimates.

2) Mr Rumbles MSP commented: “I cannot understand why £9 million of public money will be given to private contractors to upgrade their buses with seat belts when it will be a legal requirement that they do so in order to meet the terms of the contract.”

The finances will be allocated to local government due to the increased costs they are forecast to subject to due to the legal duty. As mentioned above, requirements in contracts routinely change as new tender rounds come in due to the school authority’s particular needs at that time. Therefore contract costs are currently increasing or decreasing based on changing specifications. This is not exclusive to the statutory requirement the Bill creates. Contracting service provision from the private sector can mean local government incurs increased costs if they ask for additional requirements.

3) Mr Finnie MSP stated: “I am very keen to see the maximum protection for all bus passengers, but I am also keen for public money to be properly expended. I am trying to imagine that Richard Lyle and I are an individual bus operator in a rural area. We would say, “We’re not getting seat belts installed because they’re going to pay for them anyway.”

Such issues are explored in detail in the Business and Regulatory Impact Assessment, created following extensive discussions with the bus industry, individual companies and councils.

There are a range of options for a bus company which owns vehicles without seat belts yet wishes to bid for a dedicated school contract in future, including retrofitting seat belts to existing vehicles, re-organising their fleet to move those with seat belts or purchasing new vehicles.
Ultimately, a decision by a bus company as to whether they invest in their fleet or renew vehicles is a commercial one based on its the long-term business-plan rather than necessarily being based on one element of a dedicated school transport contract alone.

However, in order to secure a contract the onus is generally on the bidder to justify that it can provide the necessary services to meet the terms of that contract. Although it is for local government to comment on their specific contracting practices, feedback has been that in general the bus company would have vehicles in place to meet the requirements, such as seat belts, when a contract is awarded.

As such, bus companies may have to adapt their fleet ahead of a contract being secured and accordingly the cost of the contract may rise.

**Local Authorities Already Providing Seat Belts**

The Policy Memorandum accompanying the Bill sets out that local government returns show there are currently 18 local authorities in Scotland which already stipulate the provision of seat belts as a requirement in all dedicated school bus contracts and a further 6 which require it on some contracts, such as services only for primary school pupils or for a particular type of vehicle. The Committee has the breakdown of 18 councils but may also find the further table on the six below of use:

<table>
<thead>
<tr>
<th>Dundee City Council</th>
<th>East Lothian Council</th>
<th>Orkney Islands Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Lothian Council</td>
<td>Renfrewshire Council</td>
<td>West Dunbartonshire Council</td>
</tr>
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</table>

**Financial Distribution Amongst Local Government**

There have been further questions on the distribution of funds to individual councils. The figures in the Financial Memorandum were arrived at in collaboration with local government. CoSLA have therefore provided the supplementary information in the Annex below in addition to that of my letter of 23 March.

I hope the Committee finds this information useful.

Yours sincerely,

Brendan Rooney

Road Safety Policy

Transport Scotland
Annex

COSLA routinely works with Scottish Government to establish the cost of legislation on Local Government and to inform the costings set out in the Financial Memoranda to accompany legislation.

In line with our normal practice, COSLA undertook a robust costing exercise to establish the cost to Local government in implementing the proposed legislation, that is the requirement for buses used in dedicated school bus contracts to have seatbelts. This exercise was undertaken in collaboration with Local Authority Directors of Finance, as per our established practices and was costed on the basis that the legislation will apply to Primary School contracts from academic year 2018/19 and Secondary School contracts from academic year 2021/22 onwards.

COSLA is content that the Financial Memorandum reflects the costs that will be incurred by local authorities in delivering the policy intent of this legislation.

The Committee has asked on how finances will be distributed to councils which have already implemented seat belt measures. The means by which funding from Scottish Government is distributed to individual Local Authorities will be subject to the established Settlement & Distribution process. This is a joint Scottish Government/local government officer group (The Settlement & Distribution Group) which makes recommendations for consideration by Scottish Ministers and COSLA Leaders.

Discussions regarding distribution will take place after the legislation has been approved by the Scottish Parliament and the Committee may wish to note that all distribution items are considered on a principled basis, not from an individual council perspective, therefore exemplifications are not used when considering distribution items.