

RURAL ECONOMY AND CONNECTIVITY COMMITTEE

TRANSPORT (SCOTLAND) BILL

SUBMISSION FROM UNITE THE UNION

Unite the Union Scotland represents around 140,000 working people and their families throughout Scotland. Unite is the UK's largest trade union with 1.4 million members in a range of industries including transport, construction, financial services, manufacturing, print and media, energy, the voluntary and non-profit sectors, education, creative industries, local government and the NHS.

Executive Summary

- Unite is disappointed that the opportunity for full municipal ownership of the bus network in Scotland was not an option in the Bill. We will continue to make the case for full public ownership as we see this as the best way for the bus system in Scotland to operate in the interests of passengers, communities and the wider economy.
- The only opportunity for some form of municipal ownership of the bus network included in the Bill is limited to local council's running buses as the 'operator of last resort'; Basically running the less profitable routes that are left after the profitable routes had been cherry picked by private bus companies.
- Unite would argue that there is no real competition in bus services. The dominant companies have created a monopoly in the bus network which serves shareholders but not necessarily the needs of the travelling public or wider economy and this together with limitations contained within section 66 of the 1985 Act actively dissuades councils from operating their own bus service.¹
- The Bill must be amended to ensure that the views of communities and users are paramount and decisions can be reversed if the weight of opinion demands. This must not be a tick box exercise.
- Bus services are a social and economic necessity especially for those on lower incomes, from disadvantaged groups as well as women as the main users of buses. It should not be left to market forces to determine where and when buses should run. Local councils must therefore have more control over bus services not only through franchising but they must also have the ability to run buses themselves in the interests of the communities and the local economy.
- Since deregulation the wages of our members have not kept pace with inflation and in some cases, the wages have actually declined as a percentage of the average wage. Unite would wish to see pay, terms and conditions within the bus network negotiated nationally under a national bargaining agreement, except where there is established bargaining arrangements with trade unions.
- The Bill must ensure complete transparency on how subsidies are utilised and it should be incumbent upon the companies to deliver a bus service that takes account of the social and economic interests of the communities using the service.
- The Bill should include the opportunity for a local transport authority to revoke a partnership plan if a) the provider fails to provide the service as laid out on the

¹ <http://www.legislation.gov.uk/ukpga/1985/67/section/66>

partnership proposals or scheme as determined and b) fails to run a bus based on users' needs.

- Additional funding from the Scottish Government would be required to put local transport authorities on an equal footing with existing operators.
- A partnership approach failed to work in the past and Unite is therefore surprised that a re-working of this arrangement has been put forward as an alternative to the present system this time around. The proposals as they stand are a weak alternative to existing arrangements and certainly not a substitute for robust regulation.
- Ticketing proposals must take account of working patterns which can vary from week to week given the significant number of people working on precarious and zero hours contracts.

Introduction

Unite is the largest union representing bus workers in the UK. Unite's members in the sector include drivers, engineers, builders, cleaners and mechanics and our wider membership are users of bus services.

Unite welcomes the opportunity to give evidence to the Committee on this important issue. Nevertheless we remain disappointed that the only opportunity for some form of municipal ownership of the bus network included in the Bill is limited to council's running buses as the operator of last resort; Basically running the less profitable routes that are not cherry picked by private bus companies.

Unite will continue to make the case for full public ownership as we see this as the best way for the bus system in Scotland to operate in the interests of passengers, communities and the wider economy. This would require an amendment to remove section 66 of the 1985 Transport Act.

We need to decide how we provide a reliable, affordable and integrated bus network that delivers in the interests of passengers and the wider Scottish economy not least of all as Scotland is a vast country with some very remote communities and for many, alternatives to the bus are simply not an option.

Low emission zone scheme (LEZ)

Unite accepts that there should be a consistent Scotland-wide approach to carbon reduction and recognise that LEZ's could be one way to deliver this. However, while this initiative could contribute towards meeting the Scottish Government's target in addressing the climate change challenge, some aspects of the low emission zone scheme contained within the Bill could prove difficult for Unite.

Unite would require greater clarity on exemptions particularly for passenger carrying vehicles, including taxis and buses. Unite members within the mechanical operation sector will have responsibility for ensuring that vehicles in the fleet are fitted with the necessary equipment to be compliant with the standard within the terms of the low emissions scheme. This will require negotiation with employers around additional work pressures, additional working hours and indeed the company would need to ensure that they had the workforce with the skills in place to carry out such work.

The introduction of such a scheme may also limit new bus providers from entering the market due to the considerable additional costs of green vehicles, thus enabling the larger existing providers, many of which are adapting their fleets to green bus, to maintain their dominance which will limit, not extend competition. Similarly individual taxi owners/drivers may be unable to compete with the larger taxi companies in terms of finance for new taxis and again, this may inadvertently reduce competition and favour the existing major players.

Unite also has members within Falkirk based, Alexander Dennis Limited (ADL); one of the world's largest bus companies and a world leader in developing green bus technology. Unite would welcome a review of procurement rules around municipal ownership or franchising that would allow for the purchase of additional bus fleet from ADL to complement any move to LEZ's.

Unite would wish to see taxi cabs considered in a similar way as other functions of the public transport network and as such exempt from LEZ charges.

Unite is aware of proposals by Edinburgh City Council to develop LEZ's which includes introducing a cap on the age of vehicles on the road. Unite would argue that this fails to consider that some taxi drivers finance their vehicle over a longer period of time, based on the assumption that it will eventually become finance free, and at that point they can be recoup some of the initial investment. However, Edinburgh's proposals would mean that when the taxi is paid in full, it may well be too old to work the streets of Edinburgh and the driver will once again require to seek expensive finance to buy a new vehicle that is compliant. These additional costs may put some taxi drivers off entering the industry.

Dundee City Council has plans for extending electric zero emission charging points and is leading the way in a transition to electric vehicles particularly taxis. However this only equates to 7% of the taxi fleet. Aberdeen City Council has held discussions on LEZ. However critics have identified existing initiatives that have contributed to a reduction in the volume of cars and lorry's on Aberdeen streets including the new Aberdeen Peripheral Ringroad and that an LEZ scheme is a costly burden on already overstretched councils (Press and Journal article, 20 December 2017).

Unite must therefore be consulted with regards to the introduction of LEZ's as well as the expected timeframe for implementing such a scheme in order that the proposals would not detrimentally impact on our members across the sector or inconvenience those accessing our cities.

Public v private

Unite sees little benefit to bus users, communities or workers, in private companies hiving off profits to pay to shareholders while fares rise, bus routes are withdrawn, public subsidy increases and the terms and conditions of workers in the industry are being eroded.

In 2017 five of the top six bus companies operating in Scotland returned pre-tax profits of £110.9 million.² A significant proportion of this is likely to have been returned to shareholders as dividends. Publicly owned Lothian buses made pre-tax profits of £10 million the same year. In the same period Lothian paid a dividend to its public sector

² McGill £2.03 m, First Glasgow No1 £3.6 m, First Glasgow No2 £8.2 m, Stagecoach Group £95 m, Craig of Campbeltown t/a Westcoast Motors £2.1 m

owners of £6.8 million. A significant proportion of these profits were reinvested within the local public transport network.

In 2016/17 bus companies in Scotland received £695 million in revenue, with 43% (£298 million) coming from Local or Central Government support.

Yet over the same period we have seen a 10% reduction in journey numbers and an increase in fares of 18%.³ The number of workers employed in the sector has also dropped by 8% over the last five years and their terms and conditions are continually being eroded.

Unite would argue that there is no real competition in bus services. The dominant companies have created a monopoly in the bus network which serves shareholders but not necessarily the needs of the travelling public or wider economy.

On Bus Services, the Bill effectively maintains the status quo. It does not create opportunities for any real competition between providers and actively dissuades councils from operating their own bus service. It is a failed opportunity to provide Scotland with a bus service it desperately needs and deserves.

Private bus companies run buses for profit, which in itself is not the issue; it is how those profits are distributed. For privately run bus companies profit maximisation is determined by corporate governance rules in the interest of shareholders. Therefore, if profits cannot be achieved there is no moral imperative contained within the governance code for the bus company to keep the bus route running.

Ian Taylor from TfQL argued in his evidence to the Public Petitions Committee:

“... the deregulation of buses in the 1980s removed the powers through which local transport authorities could design coherent integrated networks. What we have had since is a situation in which the operators, quite logically and naturally, follow the commercial imperative and cherry pick the best routes. That leaves local transport authorities running behind, trying to fill in the gaps and pick up the pieces. It is a highly inefficient way of putting together a public transport network.”

Taylor also pointed out that it appeared to be the same companies that are given the contracts as well as obtaining additional finance to run less profitable routes. A win/win.

In contrast, Lothian buses have reinvested profits into improving bus journeys,⁴ extending the network (including investment in trams) and invested in bus fleet (including ‘green’ buses).⁵ Their fares have remained low and the majority of the workforce are members of a trade union where they have good terms and conditions. They also continually win industry awards for service and efficiency. Edinburgh’s transport was ranked among the highest in the world – and second in the UK after London – in the Arcadis Sustainable Cities Mobility Index, beating larger and more heavily invested cities including Barcelona, Geneva, Washington DC and Sydney.⁶ Lothian Buses are a shining example of how to run buses properly.

³ <https://goo.gl/gFRwwB>

⁴ Total number of passenger journeys up 19 per cent to 6.6 million in 2017.

⁵ <https://www.lothianbuses.com/news/2018/06/lothian-invests-in-the-future/>

⁶ <https://www.arcadis.com/en/global/our-perspectives/sustainable-cities-mobility-index-2017/>

Across Europe buses are run as a social and economic necessity and many of them are publicly owned. Deutsche Bahn is the public transport network in Germany which operates buses, street cars and trains similar to RATP in France. There is an acknowledgement that buses are required to keep cities, communities and the economy running and the best way to ensure that these interests are taken into account is for public sector to deliver this.

However in the main, Scotland's buses are run by private bus companies for profit; Less profitable routes, which are unable to obtain public subsidy, are simply withdrawn with little engagement with those likely to be affected most; passengers and communities.

Furthermore, individual bus companies are awarded individual routes with no obligation to integrate this into the existing network. This requires to be addressed in both terms of networks and ticketing.

Proposals contained within the Bill seek to improve engagement with communities on timetables, and to obtain the views of users on local services in the area. While helpful, Unite would argue that engagement in itself could be regarded by these companies as simply a tick box exercise which will not affect the final decision.

Case Study – Community Voice

The Haud the Bus campaign was set up following the threat of the withdrawal of the only bus service to Banton, North Lanarkshire. Banton has a strong community identity within a small geographical area which made it easier to gather support from the local community. Banton had already witnessed its shop and Post Office close and the local pub also threatened with closure.

The withdrawal of the bus service would have been devastating for the community trying to get to work, but especially for those most in need in Banton who have limited access to other modes of transport and relied on the bus to take them to hospital and doctor's appointments or to the nearest bank.

A recent community buy-out of the pub should ensure that a community hub remains in Banton and the community are hopeful that this can create a centre for community cohesion against any further threat to withdraw vital public transport links to the village. It may even act as a magnet, drawing other businesses in.

The Banton bus is presently being run by Stagecoach on a 'use it or lose it' basis with the service presently being subsidised by North Lanarkshire Council. However continuation of the service will rely on the council continuing to subsidise the route at a time when local authority budgets are feeling the squeeze.

Would the proposals contained within the Bill on improving engagement have changed the decision by the bus company to retain the bus in communities like Banton? If not, then the Bill must be amended to ensure that the views of communities and users are paramount and decisions can be reversed if the weight of opinion demands.

Brian Robson, acting head of policy and research at the Joseph Rowntree Foundation said: *"It's unacceptable that large numbers of people seeking work are being locked out of job opportunities simply because of poor public transport connections. The experiences of low-*

income residents make it abundantly clear that we must properly invest in transport networks within cities not just between them.”

However Banton was not alone in losing its bus. Across the country bus services are frequently being threatened with withdrawal. A snap-shot of the last 12 months gives an indication of the extent of the problem. The undernoted communities have all faced the threat of withdrawal of their bus service:

- Airdrie to Salsburgh
- Kirkshaws/Coatbridge to Caldercruix
- Coatbridge to Bargeddie, Townhead and Glenboig
- Monklands Hospital to Cumbernauld and Kirkintilloch
- Dumfries to Edinburgh via Biggar
- Echt to Banchory, as well as a route that covers Durris, Drumoak, Crathes and Banchory
- Braemar and Banchory
- Culbokie to Inverness
- Anniesland via Kelvindale and Hyndland

In most cases the bus companies, not the local transport authority, has determined that these routes are not being used sufficiently and they are therefore not sustainable unless local transport authorities step in to provide a subsidy.

It would therefore appear that when the profit margins are reduced private bus companies threaten to withdraw the service and the public sector is expected to step in with additional funding to keep it running. The public sector is therefore being held to ransom.

Simply providing a subsidy to private companies' without due regard to how these funds are utilised to ensure the service provides support for the community, is not the best use of taxpayers money.

Indeed providing the subsidy (through the Bus Service Operators Grant (BSOG) under section 38 of the Transport (Scotland) Act 2001) results in the unintended consequence of the private sector retaining the revenue while asking tax payers to take on any losses. This is not only unfair, it questions the tendering process where the private sector is awarded a contract to run a service that requires public funding to deliver it.

Bus services are a social and economic necessity especially for those on lower incomes and from disadvantaged groups as well as women, as the main users of buses. It should not be left to market forces to determine where and when buses should run. Local councils must therefore have more control over bus services not only through franchising but they must also have the ability to run buses themselves in the interests of the communities and the local economy.

This is supported in a report by the Joseph Rowntree Foundation which carried out research in Castlemilk and Port Glasgow. The report found: “... *“serious disconnect” between the location of jobs and low-income neighborhoods was “constraining people’s*

*ability to seize job opportunities when they arise".*⁷

Moreover, *Article 1, Regulation (EC) 1370/2007 on public passenger transport services by rail and by road* defines public transport as passenger services which are of 'General Economic Interest' which means public authorities may be subject to this specific obligation which would obligate them to undertake the provision of running a bus service based on users' needs even where the decision is market based. This includes "...safe, higher quality or lower cost than those that would have been allowed by market forces alone."⁸

Therefore the Bill should include the opportunity for a local transport authority to revoke a partnership plan if a) the provider fails to provide the service as laid out on the partnership proposals or scheme as determined; and b) fails to run a bus based on users' needs.

Franchising

The proposals contained within the Bill for Franchising are a considerable improvement on what we have at that moment. However, the Scottish Government's claim that their '*change of approach is designed to increase the range of situations in which a local transport authority can consider the franchising model option*' is overstressing the capabilities of the franchising model. (Explanatory Note 156) Unite would argue that the process, as it has been put forward, does not make franchising easy to attain.

The Bill proposes that the franchise requires approval by an ad-hoc panel convened by the Traffic Commissioner which Unite feel is not appropriate. This places too much power in the hands of a small group of unelected individuals to be judge and jury. For example (13J5(d)) judgement as to whether the local authority has '*reached a reasonable conclusion in deciding to make the proposed franchising framework*' lies directly with the panel. This could potentially provide the Traffic Commissioner with the power to block any franchise proposals if they wish to do so, based on a subjective set of criteria.

Unite would therefore wish to know where the panel will be drawn from. We would require assurances that the panel would not be populated by individuals with a background that is more supportive of commercial bus services. Instead Unite would argue that there must be a robust process for a) appointing the panel; b) full transparency in the assessment and auditing process itself; and c) the option to appeal a decision to an independent adjudicator that sits outwith the authority of the Traffic Commissioner. Trade union involvement in appointing the panel would go some way to alleviate any doubt regarding the appointments.

Employment

Unite members working in the sector deserve to be rewarded fairly for the service they deliver day in day out keeping the buses running and the economy going. However, with a squeeze on profitability around routes, bus companies have looked at other ways to reduce costs and have focused on worker's pay, terms and conditions.

Since deregulation the wages of our members have not kept pace with inflation and in some cases, the wages have actually declined as a percentage of the average wage. A

⁷ <https://www.jrf.org.uk/press/families-north-locked-out-jobs-market>

⁸ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:315:0001:0013:EN:PDF>

report by Transport for Quality of Life (TfQL) identified that before bus regulation, the average wage of a bus driver was roughly in line with the average wage. However since bus deregulation while the average wage has increased by 25 per cent, the average wage of a bus driver has actually gone down by 11 per cent.⁹ This is no surprise as workers are now organised through patchwork coverage of individual agreements not covered under a robust national agreement. This has created a race to the bottom on workers' pay, terms and conditions, with comparators often based on the lowest common denominator.

This has caused some workers to fight back. In March this year Unite members in First Aberdeen were involved in a dispute over an attack on their wages, terms and conditions culminating in strike action.¹⁰ Any bus contract awarded, either through partnership or franchise models must include collective bargaining at its core. Unite would also wish to see pay, terms and conditions within the bus network negotiated nationally under a national bargaining agreement, except where there is established bargaining arrangements with trade unions.

Our members have also identified issues around long working hours without a break due to staff shortages and an exceedingly controlled working environment, and irregular and unsocial hours, creating stress and pressures throughout the working day which has led some workers in the industry to suffer mental ill health.

This may be linked to the increasing number of drivers that have had their licence revoked over the past few years which it has been argued is a damning indictment of the passenger industry and the difficult job that bus drivers undertake, often to the detriment of their own health. A FOI request by DC Thomson to the DVLA in 2016 showed that between 2010 and 2014 there was a 63.5% increase in the number of bus drivers who had their licences revoked in the UK.¹¹

Unite believes that the subsidy to bus companies, which in 2016/17 was £298 million, is provided to bus companies without adequate oversight of how this is spent, whether it is addressing issues related to worker's concerns or importantly whether taxpayers and the travelling public are receiving value for money.

The Bill must ensure complete transparency on how these funds are used. It should be incumbent upon the companies to deliver a bus service that takes account of the social and economic interests of the communities utilising the service as well as ensuring workers are given the support they require to fulfil their role.

Powers and duties

The Bill as it presently stands gives local authorities some powers to run buses but in reality they are restricted in doing so in that they are almost regarded as the operator of last resort. The Bill makes this clear in Section 71A which permits municipal ownership and operation of some services but only to fill gaps. Importantly, according to Explanatory Notes 87 this *'does not enable the council to operate local services where there is no such unmet*

⁹ https://www.transportforqualityoflife.com/u/files/160120_Building_a_world-class_bus_system_for_Britain_FINAL1.pdf

¹⁰ <https://www.eveningexpress.co.uk/fp/news/local/drivers-at-first-aberdeen-to-escalate-strike-action-for-four-weeks1/>

¹¹ <https://www.gov.uk/government/publications/the-number-of-bus-drivers-in-the-uk-by-age>

requirement: if commercially operated services are operating without subsidy, the council cannot compete with them'.

Unite would argue that there should be a clear provision that local authorities can set up and run municipally owned services and create a regulation zone around them that protects them from competition from commercial companies. i.e. the reverse of the proposed arrangement, as well as the existing arrangement.

However while suggesting local authorities are best placed to run bus services this comes at a time when budgets within authorities are tight. Unite is clear that additional funding from the Scottish Government would be required to put local transport authorities on an equal footing to operate bus services.

This could be done through leasing buses to the transport authority and financed through the reduction in subsidy presently provided to private bus companies.

Partnership

In Unite's view the proposals put forward for a partnership approach are a weak alternative to existing arrangements and certainly not a substitute for robust regulation. Indeed why partnership was put forward as a suitable option and not municipal ownership is still unclear.

A partnership approach failed to work in the past and Unite is therefore surprised that a re-working of this arrangement has been put forward as an alternative to the present system this time around.

Moreover, under Schedule 1A clause 5 (1) *Effect of Objection* existing bus operators can object to the setting up of the partnership. This gives the incumbent considerable power over new entrants as well as the fact that they have knowledge of the costs of operating the route which no other provider would have access to, giving them an advantage when putting in a bid.

Transport poverty - Ticketing

Ticketing and the costs of travel are an issue. It is evident that some passengers are unfairly penalised financially in the transport system as it is presently set-up. A review of ticketing options must therefore take account of working hours/days which can vary from week to week as discounted ticketing is not presently set up in such a way to give value for money for people working on precarious contracts.

Sustrans has described the inability to access essential services or work because of a lack of affordable transport options. Unite would support this assertion. The report: *Locked Out*, carried out by Sustrans initially looked at England.¹² However when they applied their calculations to the whole of Scotland, they found that 20% of the neighbourhoods studied were at high risk of transport poverty. They identified that 'at risk' areas are home to more than 1 million people in total, predominantly in small towns or accessible - not remote - rural locations.

¹² <https://www.sustrans.org.uk/lockedout>

Numerous journeys made without a weekly or monthly travel-card result in high travel costs for less frequent travellers.

As previously mentioned, working patterns are such that precarious working does not necessarily allow for consistent and affordable use of public transport. Statistics from the Scottish Parliament Information Centre (SPiCE) show that in 2017 274,000 people were on insecure or zero hours contracts, without guaranteed hours or income, many of whom are required to attend work at short notice. This doesn't allow for any planning and certainly not to benefit from a weekly/monthly/annual travelcard.

In addition, Unite supports comments made by the Joseph Rowntree Foundation which highlight the inter-related issues around poor public transport and how for some people, being able to access efficient, affordable and integrated transport is key to achieving wider economic success:

“Currently unaffordable and unreliable public transport is holding people back from being able to achieve a better standard of living. With more powers being devolved to city and local leaders, now is the time to redesign our transport, housing and economic policies so that everyone can get into work and progress in their careers.”¹³

Unite would be disappointed if, 5 years from now, a review of Scotland's bus network finds passenger numbers continue to decline and that accessibility and affordability show no positive or meaningful change. If so, we will have failed our communities, the economy and the people of Scotland.

¹³ <https://www.jrf.org.uk/press/families-north-locked-out-jobs-market>