Official Report
Aithisg Oifigeil

DRAFT

Transport Committee

Comataidh na Còmhdhail

Wednesday 11 November 2026

Session 7

The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website—
www.parliament.scot or by contacting Public Information on 0131 348 5000

Wednesday 11 November 2026

CONTENTS

	Col.
BUS SERVICES	**1**

TRANSPORT COMMITTEE
11th Meeting 2026, Session 7

CONVENER

*Willie Rennie (Fife North East) (LD)

DEPUTY CONVENER

*Lloyd Melville (Angus South) (SNP)

COMMITTEE MEMBERS

*Iris Duane (Glasgow) (Green)
Zen Ghani (Glasgow Cathcart and Pollok) (SNP)
*Donald MacKinnon (Na h-Eileanan an Iar) (Lab)
*Graham Simpson (Central Scotland and Lothians West) (Reform)
Collette Stevenson (East Kilbride) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Christopher Cheek (2FM Limited)
Alison Chew (Transport for Greater Manchester)
Martyn Day (Falkirk East and Linlithgow) (SNP) (Substitute Member)
Mary Docherty (Transport Scotland)
Alison Irvine (Transport Scotland)
Nick Owen (Transport for London)
Jamie Ross (Strathclyde Partnership for Transport)
Margaret Roy (Association of Transport Co-ordinating Officers)
Paul White (Confederation of Passenger Transport)

LOCATION

The Alexander Fleming Room (CR3)

Scottish Parliament

Transport Committee

Wednesday 11 November 2026

[The Convener opened the meeting at 09:15]

Bus Services

The Convener (Willie Rennie): Good morning, and welcome to the 11th meeting in 2026 of the Transport Committee. We have received apologies from Collette Stevenson and Zen Ghani. We are grateful to Martyn Day for joining us again and for substituting for not just one member but two members—we expect double the output from him today.

Our thoughts are with those who were injured in the crash at the bus stop in Glasgow yesterday. We hope that they are recovering, but it was obviously concerning for everybody who observed the incident.

Our first item of business is our first evidence session as part of our inquiry into Scotland's bus services. Over the next six months, we will explore the challenges that the bus network faces and consider what changes passengers, operators and other stakeholders believe are needed and could be addressed in future better buses legislation.

This morning, we will focus on bus franchising and the Scottish Government's stated aim of bringing the bus network under public control by 2031. We will take evidence from two witness panels, with the first evidence session concluding before 11 o'clock. I am pleased to welcome back Alison Irvine, the chief executive of Transport Scotland, who is joined by her colleague Mary Docherty, the director of bus, concessionary travel and active travel. I welcome Jamie Ross, the new chief executive of Strathclyde Partnership for Transport. We are grateful to him for joining us so early in his tenure. I welcome Margaret Roy, who joins us online, from Perth and Kinross Council, although she is representing the Association of Transport Co-ordinating Officers. Finally, I welcome Paul White, the director of the Confederation of Passenger Transport.

As usual, I would be grateful if we could keep our questions and answers short.

Following last week's debate in the chamber, we have a bit more information about what public control means and what the Cabinet Secretary for Economy, Tourism and Transport wants to get out of it. He has indicated that it involves franchising. There will not be a national system; there will be a bespoke system in each region. I think that we have moved from that being a possible option to that being the cabinet secretary's expectation. He has indicated that he will not be meddling with Lothian Buses, whatever that means; that there will be primary legislation to remove the infamous panel stage, which we have discussed and debated widely; and that there will be secondary legislation to open up data.

First of all, do you agree with my assessment of where we are just now? [*Interruption*.] Alison Irvine, would you like to start, if you can speak above the noise of somebody screaming in the background. I am not sure what that is.

Alison Irvine (Transport Scotland): It is quite disconcerting.

You have highlighted what the cabinet secretary set out in the Parliament last week during the debate on bus services. Those are the issues on which he has asked us to work with industry partners, including the people around the table with me today, so that we can deliver by 2031.

The Convener: Margaret Roy, do you agree with my assessment of what the cabinet secretary said?

Margaret Roy (Association of Transport Co-ordinating Officers): Yes. I watched the debate and agree with your assessment.

The Convener: Paul White, do you want to answer next?

Paul White (Confederation of Passenger Transport): On your assessment, we still lack clarity, because I do not believe that last week's debate provided us with enough information on exactly what the cabinet secretary's plans are. For example, there are different franchising models. We have no clarity on whether the bus service improvement partnership part of the Transport (Scotland) Act 2019 will remain or on whether guidance will be published this year, as was planned.

There is certainly no clarity around the plans for Lothian Buses. Is the plan to have a regional franchise in every area of Scotland bar the south-east, or would there be a franchise there but Lothian Buses would be absolved from taking part? It would be the one commercial operator alongside a franchise network covering the rest of Scotland.

So, my answer is yes, and we still have lots of questions to be answered before we fully understand what the vision is.

The Convener: Graham Simpson will return to that in a bit more detail. Jamie, what do you think?

Jamie Ross (Strathclyde Partnership for Transport): Our interpretation of the First Minister's announcement was that the Scottish

Government has moved beyond just having an act, setting out guidance and saying to local transport authorities, "If you want to do something, make up your own mind and do it." It has moved to a very dynamic and progressive position and is now saying, "Something substantial has to change in the bus market." The substantial change that we, in SPT, have been working on is the potential for bus franchising. In other words, the Government is moving from a passive or neutral policy position to saying, "We need to be dynamic and do this in the next five years."

The Convener: Do you think that this is all going to be done across the country by 2031?

Jamie Ross: Not on the basis of the current legislation or guidance. We have been looking at franchising for some time now, and our current timeline suggests that, if we can progress it, we can get it under way in 2031, potentially completing it after 2031.

The Convener: If the panel is removed, can you definitely get it done by 2031?

Jamie Ross: Removing the panel will probably save between six and 12 months, but the panel was just one of a number of steps in the process. The question, therefore, is whether the panel's removal will trigger a complete review and changes to the other steps in the process.

The Convener: If you are going to struggle to get this done by 2031, what are the chances in the rest of the country?

Jamie Ross: They will be very slim unless the legislation and the process change. After all, it takes some time to do the required franchising assessment, complete all the different workstreams, get them audited and then go out to public consultation—and, of course, there is the independent panel stage. Beyond that, once you have a decision, you have to allow enough time for procurements to be properly initiated.

The English authorities have taken quite a bit of time over this, although they are all now ahead of the Scottish position. It has not happened overnight, but you really have to move as quickly as you possibly can.

The Convener: Paul, what do you think?

Paul White: I think that it is probably the wrong approach to set a date and then work to that date instead of setting a direction of travel and considering all the parts of the process that have to be met to deliver the vision. For example, if you are looking to introduce franchising across Scotland, will you have to open up the legislation? Will secondary legislation be required, bearing in mind that it took Transport Scotland about five years to deliver that under the current act—that is, the Transport (Scotland) Act 2019? Will guidance be needed, of the sort that came out in 2026, for franchising? Once you have that framework, you will, as Jamie Ross has pointed out, have to look at how it is going to be funded and how it will be assessed.

I do not think that we should be trying to truncate all of that important work in order to meet a set deadline. We have to properly consider the impacts on the network, on passengers and on businesses and deliver something that is going to be sustainable.

The Convener: That is your view of what should happen, but what do you think the chances are of doing it by 2031?

Paul White: If we are looking to meet all of those things and properly deliver the vision, I think that, as Jamie Ross said, the chances are slim to non-existent.

The Convener: Margaret, what are your thoughts?

Margaret Roy: Having listened to the cabinet secretary, I have to agree with what has been said. My understanding was that he was not going to impose franchising across the country as a whole and that the regions would be able to have discussions to establish what would work best for them. ATCO is particularly concerned about rural and island areas, where franchising is possibly not the best model, and we are particularly concerned about the role that small to medium-sized enterprises play in transport, especially in rural areas but across the country, too.

After all, public transport does not sit in a silo—it ripples out to every form of transport delivery across Scotland, whether it be home-to-school transport, private hires, events transport or whatever. The SMEs involved in that delivery are a huge part of the community. They provide all of those services, and they also depend on those services to keep their businesses sustainable.

They will provide home-to-school transport, run a couple of small public transport services that are subsidised by the local authority, offer private hires, and help out at events such as golf at Gleneagles or the Enchanted Forest in Pitlochry. We need all those resources, and, without SMEs having all those workstreams, they will probably not be sustainable. There are only so many vehicles, drivers and public service vehicle mechanics in Scotland, so we need to make the best use of our resources to get the best value out of the capacity that we have.

We are concerned about the impact that franchising would have on SMEs, particularly in rural and island communities. We hope that in-

house operations and bus service improvement partnerships could be a solution in those areas.

The Convener: You have anticipated Donald MacKinnon's questions. I do not want to steal the answers before he has even asked the questions, so we will come back to that theme.

Alison Irvine, you have heard the scepticism about the deadline of 2031 being met. I looked at how long the process has taken in England, from proposal to inception. In Cambridge, it took 11 years; in Greater Manchester, which we will hear about later, it took seven and a half years; and in Merseyside it took nine years. Why do we think that we can get it all done by 2031?

Alison Irvine: A number of difficult policy choices will have to be made if we are to give this the best possible effort and meet ministers' ambitions for 2031. We all recognise that public control and ownership do not take away the difficult decisions about resources, where there should be services and, ultimately, the timeframe within which all of that needs to be delivered. I would not say that I am fully aware of the challenges, because that would sound as though I know what all the challenges are, but I do not underestimate them. Many of them have already been aired, and we will look at them during this session. That is why I said at the start that it is important for us to work with the people around the table to get there.

I was particularly taken by Jamie Ross's point about the Government moving from a passive to a more proactive stance, which is a good summary of the endeavour. His point reflects decisions that ministers have made about the amount of funding that is going into the bus sector through the likes of concessionary travel schemes, the £2 bus fare cap, local authorities' contributions, our network support grant and all the rest of it. It is my endeavour to consider how we can make those things work better for the people of Scotland.

The Convener: You will have told the Government what we have just discussed, and you will have told it how long the process took in England. Why did the cabinet secretary ignore you and go ahead with the 2031 deadline?

Alison Irvine: You would probably be better asking the cabinet secretary that question.

The Convener: Do you think that he ignored you?

Alison Irvine: No. I said that you would be better asking the cabinet secretary that question. Ministers have set the ambition—

The Convener: It is not ambition; it is a promise.

Alison Irvine: My job is to set out what needs to be so in order to meet it. The expectation and quid pro quo for ministers is that they support the decisions that they have made with the resources that are provided to us and our colleagues around the table. Difficult decisions will need to be made along the way.

The Convener: The regional transport partnerships beyond Strathclyde currently do not have franchising in their strategies. In order to put it in their strategies, they need a proposal and then a consultation, which could add to the time that the process takes. Is it the Government's intention to stipulate that all RTPs will have it, and is that your advice to ministers? That would cut out the necessity of having a consultation. Are you proposing, considering or debating that?

Alison Irvine: There are a couple of things at play. First, the legislation is aimed at local transport authorities, so it does not need to be the RTPs. Secondly, as we have heard, there are different models for different parts of the country, which I continue to think is important. The third area, which adds a layer of complexity, is how we align with the public service reform agenda. I am afraid that, at this point in time, I do not have all the answers to all those issues.

09:30

The Convener: What happens with the South East of Scotland Transport Partnership, or SEStran, then? I am confused. If we are excluding Lothian Buses, which covers not only Edinburgh but also a bit of East and West Lothian and down into the Borders—the buses do not come over to Fife, but we do not know how that will develop over time—what happens there? I am really confused about how, if you have a doughnut franchising arrangement, that will work in practice, because Stagecoach and other services go into Edinburgh. Without interfering with Lothian Buses, how would you sort out that problem and have a coherent service?

Alison Irvine: I always like to tackle these things one step at a time. It is probably not possible or appropriate for me to say how that will be tackled.

In the first instance, it is about understanding that there are specific locational challenges. You have identified the SEStran/Lothian Buses area as one of those challenging locations, which I think is right. I am sure that we will hear from Margaret Roy about the particular challenges and issues in her local area but also more widely in rural areas. We need to have those conversations with the constituent authorities in the different parts of the country, so that we can start to work our way through the challenges.

I am hesitant to say this, because Jamie Ross, who is sitting next to me, might kick me under the

table. However, it is easier for SPT to start thinking about how to deliver franchising because it is a bigger, model 3 RTP. It has, to a certain extent, the opportunity to make economies of scale, with all that goes with them, which does not exist in the other RTPs in other parts of the country.

There is then also, of course, the question of public service reform and where that will take us. As I already alluded to, I do not have the answer to that question.

It is the ultimate challenge in that we have to work with complexity and a moving feast.

The Convener: Would it not have been better to have had some of those answers before we started and made the commitment?

Alison Irvine: I would push back on that. It is right that ministers set out the ambition and the level that they want to go to, because that gives us all something to aim for.

I will go back to the theme of a passive versus a more proactive approach. We have had the legislation in place and—although not until fairly recently—the guidance. Up until now, we have had different approaches in different parts of the country, happening at different paces and aligned with the priorities of those local areas. Is that providing the service that the people of Scotland—the users of our transport network—want? In some instances, yes. The bus network is highly regarded by its users. However, in other parts of the system, the answer is no. It all goes back to the fact that having public control of a system does not avoid difficult decisions having to be made in relation to various aspects.

Iris Duane (Glasgow) (Green): I will carry on with you, Alison—my apologies. You mentioned resources and taking difficult decisions, which we are all familiar with in this room. Does Transport Scotland have a ballpark figure for the set-up cost of franchising—for the 2031 date, to be very clear?

Alison Irvine: Not at this point. No.

Iris Duane: Not at this point. Did the ministers and cab sec work with you to try and get a figure before announcing that 2031 would be the deadline?

Alison Irvine: At the moment, we have an understanding of what the concessionary fare scheme and a £2 bus fare cap is likely to cost us. We are aware that there will be additional costs associated with setting up franchise models. However, until such time as we have been able to work through that with the constituent local transport authorities, it is not possible to put a cost on it.

Iris Duane: I find what you have said to be quite shocking. You keep calling it an "ambition" and an "aim". However, if this is truly a target for 2031, I would expect that the cabinet secretary or the minister would have earmarked how much money they expect it to cost the Government. If we do not know that, then we are not sure that we can hit those targets. In your discussions with the cab sec, or any of the ministers working on his behalf, have they indicated whether they plan to purchase depots and potentially buses? It would be different depending on which franchise model they decided to go for.

Alison Irvine: That is a level of detail that, at this stage in our thinking, it would be inappropriate for us to have worked through. Again, it would be like me turning to Jamie Ross and saying, for example, "You just need three depots". I provide advice to ministers, and I am here to support the panel in relation to that activity. However, the advice that I provide to ministers happens in a safe space.

Iris Duane: Yes, of course. However, because ministers have not yet looked at how much it is going to cost, are you worried that the target of the 2031 date—which is not that far away—will be missed?

Alison Irvine: Again, we are fairly early in the process. My job is to set out to ministers what it will take in order for them to meet the timescale that they have set out. That is the job that I will do. In response, I need the support to do that from ministers.

Iris Duane: Of course. Recently, £4 million was earmarked to support RTPs to undertake franchising framework assessments. I know that SPT has been undertaking one. However, the Government says that that money has not been used effectively because of governance issues. A number of MSPs, including Willie Rennie and Paul Sweeney, who shares my region, have questioned that. That funding is on a very small scale, and the ambition of the Government is to do something on a much larger scale. Are you concerned that, if Transport Scotland does not get the correct support, similar governance issues will plague the entire process and potentially push it further down the line?

Alison Irvine: Part of my role is to help break down those barriers, which exist in every part of the system. That is, indeed, part of my job.

Iris Duane: Is Transport Scotland getting enough support from the Government to break down barriers?

Alison Irvine: Transport Scotland has been set an ambitious target to bring about major bus reform across the whole of Scotland, working with the constituent parts of the country. That is the job that we have been asked to do and, despite what

others might say, we have quite a good reputation for delivering stuff.

We live in a democracy and it is important that people get opportunities to reflect on the challenges of the day and on the Government's ambition. You would not want it any differently. Given the sums of money, it is also appropriate that the appropriate amount of due diligence is done: that business cases are done and that consultation and all of that takes place. In all of those things, we try to walk a balance between what is proportionate and what is required. We do that at all times.

Iris Duane: Of course. You are the experts in the matter. To be clear, I think that every member of this committee wants this scheme by the Government to be an absolute success. We are very keen to see buses supporting our constituents. However, you keep using the words "ambition" and "aim" and not "target". The Government has communicated to my constituents that it will have franchised buses by 2031. The real question is, is that realistic?

Alison Irvine: That is the target that the Government has set us.

Mary Docherty (Transport Scotland): It is the target that has been set for us. The work that we do to engage will be done in detail, as Alison said, including with people around the table at this committee. That will absolutely inform our work and it will be evidence based.

Iris Duane: Jamie Ross, are you confident that the target is realistic?

Jamie Ross: The target could be realistic. I heard the convener talking earlier about the timescales for English authorities. The more important reference point is not so much when the contemplation started but when the decision was taken to franchise. In the Liverpool city region, the decision was made in October 2023 and the first franchise went live this September, so it took just under three years. In South Yorkshire, the decision to franchise was made last year and the first franchise will go live next year, so the period has been truncated from three years to two and a half years. That suggests that, if we are to do franchising by 2031, the decision will need to be made two and a half or three years out, which means that there will need to be a firm plan in place and a decision made by 2028.

It is in the gift of Transport Scotland and the Scottish Government to completely overhaul the process. The Government has moved from a neutral position to saying that franchising is a national policy. As it currently reads, the policy seems to say, to authorities such as SPT, "Do you want to do franchising? Are you sure? Are you really sure? Are you absolutely sure?" The decision is then passed over to an independent panel. However, if the national policy is to be that franchising is a favoured option—perhaps not the only option, but an option that should be favoured—then the level of assessment and preparation that is needed will completely change.

We should expedite the process of getting to the decision point. If we can get to the decision point by the end of next year, then the target of 2031 will be eminently realistic.

Iris Duane: That is great to hear. SPT covers my region, and we have heard from some passionate bus campaigners who are sure that they want to do franchising. Now that we have managed to get a commitment from the Government to remove the panel, SPT will potentially soon have access to the franchise framework assessment budget allocation that has already been put in place. What does SPT need from Transport Scotland or the Government to ensure that we can reach a decision on franchising prior to 2028?

Jamie Ross: The assessment process needs to be shortened. SPT began contemplating a regional bus strategy two years ago. That went out to a public consultation that received more than 5,000 responses, with 83 per cent of respondents from the general public saying that they wanted franchising.

There is evidence of systemic market failure. Bus patronage in Strathclyde has declined by 38 per cent in 20 years, and the network continues to shrink—it shrank by 13 per cent in the past five years alone. Outside Glasgow, two thirds of households have bus frequencies that are worse than one bus per half hour, while one fifth of households do not have easy access to a bus stop. Yet, almost 60 per cent of the industry's income now comes directly from the Government. That all points towards doing something radical and doing it quickly.

Now that the First Minister is saying that franchising is a national policy, why should we take two or three years to go round the houses in deciding whether to franchise? The question is how we can work with Alison Irvine and the team at Transport Scotland to expedite the time that it will take to make that decision. Alison and I cannot and should not truncate the procurement timescales, because procurement for bus franchises needs to be run properly, given their significance and the costs that are involved. However, we can certainly speed up the process of getting to the decision point on whether franchising will progress.

Iris Duane: That is helpful, and I hope that that opinion would be echoed by all parties across the Parliament.

I am aware that I have left Paul White out from my questions. Feel free to come in if there is anything that you would like to add.

Paul White: There is a narrative that the Government's announcement was proactive and dynamic. Well, okay, but you can be proactive, dynamic and informed, and that latter step has fallen to the side when it comes to discussion with stakeholders such as Jamie Ross, myself and other people in the bus sector more widely about what this all means. In the absence of clarity, there is a vacuum of certainty, which has an impact on current bus operators, who are unsure about the security of their businesses between now and 2031.

09:45

The examples that Jamie Ross provided about timescales in areas of England are true—they can get truncated. We believe that the Government seeks to deliver seven regional franchises but there is a varying degree of appetite across Scotland to deliver them, so the idea that franchises will be deliverable in a truncated timescale is questionable. I also worry that, by truncating the timescales, you remove important independent scrutiny and accountability, which I would not want to happen because it is important that whatever is delivered is sustainable and in the best interests of passengers.

It is true that more than 50 per cent of revenue for the bus sector comes from the public sector, which is largely because we have been asked by the Government to implement schemes such as free travel for under-22s and the £2 fare cap, which increase the amount of public sector revenue that goes into the industry. The percentage is not because of a failing on the commercial side, but because we have been asked by and have delivered schemes for Transport Scotland, so it would seem unfair for us to be attacked for that percentage.

Iris Duane: To bring that all together, my inkling is that we absolutely can get this done by 2031. It is not a particularly out-there ambition, but the better buses bill could simplify the process and ensure that funding and Government processes are in place. Is that the consensus among the witnesses on the panel?

Alison Irvine: I go back to what I said about balance. We need to ensure that services are, to use Paul White's phrase,

"sustainable and in the best interests of passengers".

Ministers will have to make some major, radical decisions when it comes to how this will be delivered.

I take on board Paul White's point about uncertainty. One thing that Mary Docherty, the team and I are working really hard on is bringing that clarity and certainty as quickly as possible. What the First Minister set out was public control of the bus sector through franchising and regulation. That does not necessarily mean that there has to be franchising in every part of the country.

The Convener: That is new information.

Alison Irvine: No, that is what he said.

The Convener: When we asked the cabinet secretary last week what he meant by public control, he said franchising.

Alison Irvine: However, if you look at the challenge of the Lothian model—

The Convener: There would be an exception there, but it would generally mean franchising everywhere else.

Alison Irvine: Perhaps that is a question for you to ask the cabinet secretary.

The Convener: Okay. That is new information.

Alison Irvine: I do not think that it is new.

The Convener: If it is not new, confusion still reigns about what public control is.

Alison Irvine: That is why our job is to bring certainty on this as quickly as possible.

The Convener: When you use phrases such as "major, radical decisions" and "ambitious", it sounds very "Yes, Minister".

Alison Irvine: Does it? [*Laughter.*] I am sorry—I will go away and have a word with myself.

The Convener: It usually means, "Don't be so stupid, minister, by going down this route." The vibe that I am getting from everyone here is that franchising will not get done by 2031. I know that you are very cautious, and I understand that the politics is not your role; you are just there to facilitate.

Alison Irvine: The vibe that you should take from all the witnesses is that we all want to deliver the best bus service for the people of Scotland.

The Convener: That is not the commitment, though.

Alison Irvine: That is what we are all endeavouring to do within the bounds of the roles that each of us has.

The Convener: Despite Government ministers' attempts to divert you from that task by setting the unachievable target of 2031.

Alison Irvine: I would not say that.

The Convener: When will the legislation be published?

Alison Irvine: I think that the cabinet secretary set out a spring 2027 timetable in his motion last week. That is certainly the date that he and I discussed this week.

The Convener: Jamie, do you have an estimate for the cost of buying buses and depots in Strathclyde?

Jamie Ross: We put some figures in the regional bus strategy, although not all the figures. We have talked about £6 million being needed to prepare the ground for franchising. We have talked about the ongoing operating costs of franchising. It depends on how ambitious you want to be in expanding the service network. In terms of ongoing annual costs, we have talked about costs of between £45 million and £85 million.

We need to assess the capital requirements for depots and buses, because it would depend on the model that you go for and whether you feel the need to own them. If you own the buses, would they all have to be brand new? Is there an age threshold? Would they all need to be electric? We would need to come back with a figure for the capital expenditure, but it would run into hundreds of millions of pounds if we owned everything. That is the model that English regional authorities have tended to go with, but they have done that off the back of fairly substantial regional transport settlements that facilitated that level of expenditure.

The Convener: With a looming £5 billion deficit in the Scottish budget, that is crazy, is it not? Is it not off the scale to even talk about those numbers when we are already facing massive financial challenges? We have set an ambition that will not be delivered. I am being very political, but I am a politician. Do you think that it will be done and that you will get the money to do what you want to do?

Jamie Ross: We need to have the discussion with Transport Scotland and the Scottish Government. I will be open: I am not embarrassed about having a discussion about investing in the most commonly used form of public transport. Even with the decline in patronage, in the last full year, 2024-25, buses carried four times more passengers than rail. In rail, the Scottish agenda is big and bold. In the convener's region, we have the £300 million-plus electrification of the railways in Fife, on top of the £117 million that is being spent on the Levenmouth project. I am not disputing that those are good things to do, but more than £400 million is being spent on rail expenditure in one region of Scotland, yet we start clamming up and becoming embarrassed when we talk about bus expenditure.

The Scottish Government has made some momentous decisions recently about the £2 bus fare cap, which has now been rolled out across Strathclyde on top of the positive schemes that have been introduced in the past two decades for both younger and older people. The Scottish Government is making substantial subventions in bus. The question would be, if we want to make the radical reform of overturning the settlement from the 1980s and putting the bus market on a different, passenger-focused footing, should we shy away from the costs that are involved? It may well come down to the funding models that are used: will private finance be required, what level of national funding is needed and what risks should be taken locally? We are very clear that we are trying to break the cycle of decline and get more people using buses in order to generate more fare-box revenue. I am not embarrassed to be having a discussion about investment in the most popular form of public transport, which has been hiding in plain sight for the past few decades but typically has lost out on funding to other modes of transport.

The Convener: Iris Duane, have you finished?

Iris Duane: Yes. My apologies, I misspoke on the last point, but I have no more questions.

Lloyd Melville (Angus South) (SNP): It is encouraging to hear the assessment of the shift in the Government's emphasis from passive to more proactive, which I welcome and agree with. We have been talking about the £2 bus fare cap. Alison Irvine, you mentioned that you have done some work on that. Do we have evidence of the impact that the cap has had on bus patronage?

Alison Irvine: The scheme in the Highlands and Islands has been running since the early part of the year. We are starting to see some of the impacts that are associated with that. The team is doing a six-month evaluation that will help to inform future design work. It is too early to say what the impact has been in the Strathclyde area.

Lloyd Melville: Can you share any data from the Highlands and Islands as yet?

Alison Irvine: Not at this point in time, but it is not because I am not telling you. It is because I have not seen the report.

Lloyd Melville: Do you have an understanding of when that work will conclude?

Alison Irvine: As I said, we are doing a six-month evaluation and, once I have seen the report, we will start sharing the information as appropriate.

Lloyd Melville: The cabinet secretary previously told the committee that rolling out the bus fare cap in Strathclyde could cost between

£100 million and £120 million. How much will it cost for Aberdeen and the shire?

Alison Irvine: Around £45 million.

Lloyd Melville: What will it cost nationwide?

Alison Irvine: I would hesitate to provide a figure.

Lloyd Melville: You told the committee that you have done the work on that.

Alison Irvine: It does not make much of a leap of faith to work out the figures for the rest of the country. If we are talking about £20 million for Highlands and Islands, £40-odd million for Nestrans and £120 million for SPT, we will not be far shy of £400 million.

Lloyd Melville: Four hundred million pounds.

Alison Irvine: Yes.

Lloyd Melville: Are you worried about the impact of the £2 bus fare cap on our railways?

Alison Irvine: I think that it will have an impact on our railways, but it is doing some really good things for various parts of the economy. When it comes to these things, it is always important to look at transport as a system, and that is the approach that we need to take here. If you look at, for example, the fair fares review, which was published in 2024, you will see that it starts to set out the actions that we want to take on transport and fares, particularly on the mainland, and a systemic approach to how transport is paid for and funded.

Lloyd Melville: I have a particular concern about this. When Joanne Maguire was here, she said that there had been a 12 per cent hit to ScotRail revenues in the Highlands and Islands, and if that were to be replicated in the Strathclyde area, it could cost ScotRail £20 million. This is Scotland's publicly owned railway that we are talking about. What work is the Government doing to try to protect those revenues as we seek to expand the cap nationwide?

Alison Irvine: That goes back to my point about treating our public transport system as one system and trying to get away from individual modes.

Lloyd Melville: So the Government is just going to continue to subsidise it.

Alison Irvine: Again, I point you to the fair fares review, which was published in 2024. It talks—and I will keep it to bus and rail for the moment—about integrated fares and ticketing, and changes to regional governance. Those are all the steps that we need to take. One of the ways in which we can get a more fiscally sustainable public transport system is to get more people to use it—

Lloyd Melville: Absolutely.

Alison Irvine: —and that is what we are trying to do here.

Lloyd Melville: But the integrated ticketing and so on that you are talking about is going to come much further down the line. ScotRail could, in the here and now, take a hit to its revenues to the tune of £20 million. What I am trying to get at is this: how is the Government going to reconcile that with ScotRail? Is it just going to make up that shortfall in this year's budget?

Alison Irvine: ScotRail is a publicly owned train operating company, and the Scottish Government is the shareholder associated with that. Ministers' decisions with regard to the £2 bus fare cap have been made in the knowledge that there will be a degree of transfer between bus and rail.

Lloyd Melville: And ministers are comfortable with that.

Alison Irvine: They have taken the decisions that they have taken.

Lloyd Melville: Okay—thanks very much. Mary, do you want to add anything else?

Mary Docherty: No, I think that Alison Irvine has covered everything. I should note, though, that the roll-out across SPT happened in September and, as part of that process, we are expecting data to be returned from operators every eight weeks so that we can assess the overall impact.

Lloyd Melville: But you could not do the same in the Highlands.

Mary Docherty: It was not done for the Highlands.

Lloyd Melville: So you have changed that reporting model.

Mary Docherty: We have had to change the reporting model, because the scheme is of a different scale.

10:00

The Convener: Why was the outline business case not published until a month after the roll-out in Strathclyde?

Alison Irvine: Well, the outline business case has been published.

The Convener: Yes, but a month after the scheme was rolled out. Why did we not see it before it was rolled out?

Alison Irvine: Because we were very busy delivering the scheme and setting up the system and all that goes with that. There is no scurrilous reason for not publishing it.

The Convener: Why has the final case not been published?

Alison Irvine: There is the outline business case, which contains most of the information that you need. Anything in the final business case, which is produced when we move from an interim to a permanent scheme, will be based on the evidence of the impacts.

The Convener: So you do not normally publish a final business case before you distribute any of the funds.

Alison Irvine: It is an outline business case, because the scheme has been designed as an interim one, and we are using it to gather a lot of the evidence of the impacts.

The Convener: But we are talking about £120 million of public money, and we do not have a final business case published.

Alison Irvine: We have an outline business case published.

The Convener: But a month after the scheme was rolled out.

Alison Irvine: The business case has been published.

The Convener: Is this the way that you prefer to run these things? I mean, you have a responsibility for the good use of public money.

Alison Irvine: I do.

10:00

The Convener: So why are you deviating from the professional standard that I am sure you would expect to operate by?

Alison Irvine: I do not think that we are deviating. The business case for the scheme and the accountable officer assessment were provided to ministers when they were making their decision, and the business case has now been published.

The Convener: But it is the outline business case, not the final business case.

Alison Irvine: Because it is an interim scheme.

The Convener: Okay—£120 million for an interim scheme.

Alison Irvine: Indeed.

Lloyd Melville: I wanted to expand this line of questioning to the rest of the panel, starting with Margaret Roy. Obviously, budgets are tight, and Alison Irvine has just talked about difficult and radical decisions that might need to be made by ministers. We have just heard that the £2 fare cap could cost in the region of £400 million annually. Are you confident that the money will be in the budget to carry out widespread franchising at the same time?

Margaret Roy: Well, I am not part of the Government, so I do not have the in-depth knowledge to know whether the money is going to be there. When the £2 fare cap was introduced, ATCO pointed out that the cost of transport was not usually one of the top issues that passengers highlighted with regard to the provision of transport. Even Bus Users UK will tell you that that is the feedback that they get—the issues that are usually raised are reliability, accessibility and availability of transport.

A lot of the transport in rural and island areas is under public control at the moment, because the routes are subsidised by local authorities. Therefore, we could improve transport in areas where commerciality is just not possible if we had the revenue funding to do so. When we tender for these services, we decide the timetable, the vehicle specification and the fare table, so we could tender for, say, a half-hourly service that had a low-fare scale and used buses no older than two years old and so on. However, we need the revenue funding to do that.

In its response, ATCO also raised concerns about the huge amounts of investment that are being made in a widespread £2 fare cap. We appreciate that it has many benefits, but another model could have been established that would have increased revenue funding and provided more subsidised public transport routes than a blanket £2 fare cap. In short, I have concerns about where such a significant amount of money is going to come from, but I do not work for the Government, so I do not know whether it has access to that sort of funding.

Lloyd Melville: I support the £2 fare cap, too—I think that it is a very good move—but I just want to make sure that the sums add up, so that we can do the wider work on public transport.

Paul White: When we talk about the impact on rail, we need to recognise that rail fares are already heavily subsidised outside of a couple of key routes, so we should be looking at, say, the impact of the removal of peak rail fares on other sectors. It is a bit of a swings-and-roundabouts thing. What we do not want to do is invest lots and lots of money in schemes that just shift people between public transport modes. I would like to see a focus on getting people out of their cars and on to public transport modes, be they rail or bus.

The cost of these schemes is substantial. I echo Jamie Ross's point that more money going into bus services is to be welcomed. They represent three quarters of public transport trips and buses are a critical mode for many sectors of our society. Therefore, more money going into them is a good thing.

In moving towards franchising, those are not costs that can be saved. You are talking about delivering a £2 fare cap, free travel for over-60s, under-22s and the disabled and then the costs of franchising on top of that. How do we deal with that in budgetary terms?

Jamie Ross: I welcome the £2 fare cap being rolled out to Strathclyde. We have almost half the Scottish population and, as Paul White said, about 75 per cent of our trips are on buses, so the policy targets support at a big audience across Strathclyde. Our analysis shows that around 70 per cent of trips are essential, whether they are for commuting, going to college, going to hospital or shopping. Therefore, anything that deals with affordability, which is one of the big issues of our time in a cost of living crisis, is very helpful.

I echo Alison Irvine's point about taking a whole-system approach. After the first six months in Strathclyde, it would be great to review the policy with Transport Scotland, ScotRail, the bus operators and SPT as the regional authority and reflect on how it has worked. That is necessary to determine whether it is the right intervention going forward. Margaret Roy made a key point: it is a brilliant intervention for people who have bus services but, for people who do not have adequate bus services, it changes nothing. With the level of investment that is going into the policy, it is incumbent on all of us to work out whether it is hitting the right audience and having the right impact. However, I look forward to working with Alison Irvine and her team on reviewing that.

Lloyd Melville: How will Transport Scotland and the Scottish Government judge whether the £2 fare cap has been successful? What are the specific aims that you are looking for out of it?

Alison Irvine: The objectives are set out in the business case. You are testing me now. I cannot quite remember what they are but, in essence, they are about encouraging more people to use the bus network, supporting people through the cost of living crisis that we are dealing with and gaining the evidence that we will use to design the permanent scheme that ministers have asked us to design. I think that I have that right.

Mary Docherty: Yes.

Lloyd Melville: The key trend that we have been seeing for years is a gradual decline in bus patronage. If the Government is keen to get people on to buses, I agree with that. However, to date, the concessionary fare schemes, which are welcome, have not yet completely arrested that decline. The £2 fare cap is one element of what needs to be done. How do you evaluate that alongside the wider piece of work to try to get people on to buses?

Alison Irvine: You are dead right. There are other things that need to happen in the system to start to arrest that decline. I talked about integrated fares and ticketing to make it easier for people to jump on public transport.

Lloyd Melville: That is some way off yet.

Alison Irvine: It still needs to be done. It is easy to say that it is some way off yet. All those things need to happen, but they do not happen in a vacuum.

We need to do a lot more to tackle the causes of delays to bus services. One of the reasons why rail services are so popular is that they operate on fixed tracks and are not subject to the same degree of variability that we get on the road network. We need to tackle that.

Margaret Roy already flagged the level of service provision, but I go back to my earlier comments that public control of a bus system does not take away some of the difficult choices that the Parliament needs to make. We need to be mindful of the cost of the public transport system and much wider demands for Government money. Therefore, it is incumbent on me to make the case for all those different types of investment to ensure that we get value for money and to reduce costs in the system where we can, which goes back to some of the trickier stuff that politicians at all levels need to do.

Lloyd Melville: My final point—it is not a question, but just a closing comment—is that I support the work that the Government is doing because, from my experience in my constituency, I have seen the failures of private operators. We need to bridge the significant gap that exists between the level of support and subsidy that goes into buses and the level of public influence and control that people have over the routes that they travel on in their everyday lives.

Those are all my questions, convener.

The Convener: The estimated cost of the scheme is £400 million in Scotland and £500 million in England. Why is it so expensive in Scotland?

Alison Irvine: England operates a slightly different scheme—that is how I would put it, in a nutshell.

The Convener: How is it different?

Alison Irvine: I do not know the details of how the English scheme compares with how we run our scheme. However, at a high level, the English scheme is based on the local concessionary schemes that operate in England. We run a national scheme in Scotland—that is where the fundamental design choices align.

Mary Docherty: That is the key rationale.

The Convener: We currently have only regional models in Scotland. For instance, it will cost £4 rather than £2 to go on a bus from Glasgow to Skye. Why are you saying that it is a national model?

Alison Irvine: Again, I have not looked in great detail at how the English system runs, but there are a significant number of operators and routes in the English scheme that do not operate on the £2 basis. In our world, those are, in effect, long-distance trips.

The Convener: It is a huge difference, though. We have roughly a tenth of England's population, but we are paying almost the same amount.

Alison Irvine: I have genuinely not seen where your figure of £500 million was quoted from, so I would need to have a look at that to compare the differences. As I said, the figure is an early estimate.

The Convener: We have explored making good use of public funds, but you cannot tell me why the figure for Scotland is so expensive in comparison to England. You say that you have not looked into the detail, but you are surely responsible for doing so.

Alison Irvine: We have implemented the scheme that ministers asked us to implement.

The Convener: That does not fill me with confidence that you have done the professional job that I know you would want to do. There is no doubt about your professionalism—we all admire that. However, we are concerned about the scheme, which ministers decided to introduce at relatively short notice. We know that the outline business case did not come until a month later, and we have still not seen the final business case. The scheme has been introduced quickly, and it is so much more expensive than the one in England. It is not more expensive by just a few million pounds—there is an enormous difference in cost.

Alison Irvine: The English scheme operates on the English concessionary travel areas, which are different from the areas that we operate in. A significant number of the routes—predominantly long-distance ones—are not part of the English schemes. We are talking about vast distances when it comes to the cost differential for a £2 fare across a region the size of Highland, which is significant. Highland is a local authority, but we can also think of it as a region.

The Convener: I can see two differences between the schemes, which are that coach travel—the intercity routes that you just talked about—and airport buses are included here but not in England. Just in recent weeks, there has been an expansion in the number of services that are running. For example, a new service that runs from Glasgow airport to Edinburgh city centre takes advantage of the Strathclyde scheme. We have seen a massive increase in the number of 900 Citylink journeys from Glasgow to Edinburgh, and Citylink is again taking advantage of the fare cap scheme. Citylink has also increased its journeys from Glasgow to Skye—a return used to cost £40, whereas it is now £8. Ember is increasing its services as well. I have not seen any evidence that the community services that we are all worried about have seen a similar increase. In fact, I have not seen any change at all.

Are you not concerned that those companies are taking advantage of the longer-distance routes that are excluded from the scheme in England?

10:15

Alison Irvine: You and I can both make the observation that the scheme as designed drives different behaviours. Increasing levels of service between Glasgow and Skye is not a bad thing.

The Convener: The fact is that, before the price cap was introduced, we had the excellent new Ember service, which was launched without any extra subsidy being provided. Now, we have put more fuel in the scheme, and we are expanding services that were already commercially viable, when the ones that we are really worried about are the services from Auchtermuchty to Perth, for instance. Those are the ones I am worried about.

Alison Irvine: That is the kind of point that we expect will come out in the evaluation, which will help us make design choices for permanent schemes.

The Convener: Do you not think that that is partly why we spend £400 million on our bus fare cap whereas England spends £500 million, for a much bigger population?

Alison Irvine: It could very well be.

The Convener: We do not have an awful lot of money at the moment. I find it extraordinary that the situation has been allowed to progress without an assessment of the rules being conducted, and without you being fully aware of what is happening in England, about the contrast with Scotland and therefore about the costs involved.

We are charging ahead with fare cap pilots in Aberdeen and Aberdeenshire. I assume that we will be doing the same in the rest of Scotland in pretty short order. I do not know how you will change that situation. What will you say to ministers?

Alison Irvine: We will use the evidence base from the schemes that we operate to help design

the permanent scheme. That is what we are saying to ministers.

The Convener: Okay. I find that remarkable.

Paul White: The growth in services following the introduction of the scheme probably demonstrates an increase in demand. The operators are meeting that increase in demand because people know that the price is lower, so more people want to use those services. That probably also explains why you are not seeing an increase in rural areas, where fewer people make trips and where there is less need for trip duplication or new services to fill in the gap.

One of the concerns that our smaller and rural operators had when the scheme was introduced was this: if they were taking a smaller fare for carrying £2 journeys, would they see trip generation through the scheme? You probably do not see that issue in rural areas to the extent that you do in urban areas.

The launch was another example of the Government setting a scheme and a timescale—at that time, giving 100 days to deliver the SPT scheme—before fully consulting or waiting for the evaluation of the Highlands and Islands pilot to inform what was delivered in SPT.

The Convener: I am conscious of time, but, Margaret, you probably have some views on this issue, so I am keen to bring you in on how intercity services are helping you deliver a comprehensive bus service.

Margaret Roy: They are exactly what you said, Mr Rennie. They are mainly intercity, although clearly most of them have request stops. Ember, for example, will serve rural areas on request over and above the main intercity links. However, as you said, it is a concern if the services were commercially viable before, but those additional resources are being used to subsidise the £2 fare.

I must also stress that the responses here are from ATCO officers who are employed by the local authorities, not the views of the local authorities they work for per se. Our big ask is always for increased revenue funding so that we can improve local bus services, because those are generally lifeline services for the most vulnerable people in our society. Do not get me wrong: intercity coach services absolutely can fulfil part of that role. There will be people in the Highlands who use intercity services in order to reach Inverness, or to go to Raigmore hospital and, as Alison Irvine said, I am sure that people from Skye might have to travel down to Glasgow for medical treatment and so on.

However, overall, the local bus service is the daily lifeline for our most vulnerable residents. We need increased revenue funding in areas where there is no commerciality to that type of service, so that we can improve it and improve the links.

The Convener: Thank you very much, Margaret. We will move on to questions from Graham Simpson.

Graham Simpson (Central Scotland and Lothians West) (Reform): It has been interesting to listen to all of this so far. I agree with Margaret: the important thing is local bus services.

I often apply what I call the number 31 test. The number 31 was a bus that used to serve the estate where I live in East Kilbride. It was withdrawn probably about 15 years ago now. I will be honest and say that the service was not that great: a bus would come once every half an hour, and it would get you into Glasgow direct but it would take more than an hour. Because the service was only once every half an hour, and the area is a private estate, most people did not use it; instead, they drove, as I do. Then the service was withdrawn, and it was replaced with something worse. We now have a minibus that will take us part of the way into Glasgow, and then we have to get on another bus.

For me, the number 31 test is an example of the failure of the system. The estate where I live is very large; it was the biggest private housing estate in Europe when it was built. Most people have cars. If we could get something in place there, then we will have succeeded, in my view. That is part of your region, Jamie Ross. That is my feeling about all of this: we need to do something different. The question, however, is what.

I will start with you, Alison. Unlike the convener, I was not very clear about what Stephen Flynn was saying last week, and I want to be a bit clearer about where we are heading. Mr Flynn would not answer my question, so perhaps you will be able to. What is meant by “public control”? Earlier, you used the phrase “public ownership”. Perhaps it was a slip of tongue, but I would like to know what that means. Does it mean control? Does control mean ownership? Does it have to mean ownership?

Are we, or is the Government, going to impose models on certain areas, or will there be flexibility in the system such that if particular areas of Scotland did not want to have franchising, they would not have to have it, and could do something else?

Alison Irvine: If I implied that ministers wanted public ownership of the bus system in Scotland, that is not correct, because that is very definitely not what we have been asked to do.

What does “public control” mean? There are levels at which you can describe what it means in a bus sense. Part of the job that Mary and I have is to, very quickly, bring about clarity for local

transport authorities and bus operators on what that means and on what choices should rest in the regions and places in Scotland that are best able to determine the levels of service they want to achieve for their areas.

Graham Simpson: I want to be clear about how, when we have this legislation, it will differ from what is in place now. What is in place now gives local areas a choice; they can have franchising if they want, which is what SPT is trying to achieve, but they do not have to have it. Will it be different from that?

Alison Irvine: If we look around the country at the moment, we can see different local authorities taking different approaches as they respond, either proactively or reactively, to the situations that face them. There are multiple ways in which we can support those levels of ambition.

For example, a couple of weeks ago, I met representatives of Highland Council. The committee will know about the good work that the council is doing, in that it has bought a couple of bus companies and so on. My conversation with it was about asking what it needs from Government to support its ambitions for its part of the country. Those are the types of conversations that Mary, the team and I will be having over the next few weeks.

Similarly, some good work has been done in the Borders by the team at Scottish Borders Council. It is building on the travel to work funding that was provided to support the child poverty plan. It is about testing and piloting different types of services and seeing whether they are used and helping, particularly in the Scottish Borders area, to get the information that it needs to design its subsidised bus services to best effect.

There are multiple layers to it. As I said to Mr Rennie earlier, we have been set a big challenge by ministers—

Graham Simpson: Can I stop you there?

Alison Irvine: Can I just say this? Rather than be paralysed by the enormity of the challenge that we have been faced with, our role is to break it down into workable chunks to get us to that 2031 timescale that ministers have set.

Graham Simpson: I get that; I am simply not sure what the challenge is. You have just described the situation in Scotland, where we have different models. Some councils run their own services and some have their own buses. I am not clear, from what you have said, what is going to change.

Alison Irvine: The challenge is the different levels of maturity within different parts of the country. Margaret has already articulated very well some of the resource challenges that she and her colleagues come across. That needs to be tackled.

From a legislative perspective, one of the things that we are exploring is being more directive and prescriptive around what minimum service levels should be—a bit like the Welsh model and what Wales is doing in its latest bus service improvement work. Those are the types of mechanism that we want to bring forward legislation to do.

There may be other things. I have read SPT's submission to the committee. There are other things that we can do to reduce the timescales associated with bringing in franchising and all of the rest of it. Those are the challenges. You neatly articulated your bus route 31 challenge, which illustrates a systemic problem that we need to address. However, I do not think that we can simply press a button and then all of this will work through system change.

Graham Simpson: In your view, you are tasked with carrying this out. You are not being asked to impose particular models across Scotland. Is that correct?

Alison Irvine: Public control can mean a range of things. We need to test the different ambitions for public control in parts of the country.

Graham Simpson: I get that. There are different models.

Alison Irvine: I do not think that I am being asked—

Graham Simpson: Hang on—are particular models going to be imposed on parts of Scotland, or will there still be a choice?

Alison Irvine: I do not think that I am being asked to impose anything. I think that I am being asked to provide a framework within which public control of bus services by 2031 will be deliverable for local transport authorities.

10:30

Graham Simpson: So, we are getting a framework that says, "Here's a range of options, but you must use at least one of them." Is that where we are going to end up?

Alison Irvine: That could be an interpretation.

Graham Simpson: Well—is that right? I do not want to interpret anything.

Alison Irvine: I do not see, at this point in time, how we can effect change with—

Actually, I mean that I do not think that we are necessarily pushing against a closed door here. I genuinely think that, from the operators to the transport authorities, we have a common ambition.

Words such as “forced” or “imposed” are quite dramatic, and they are certainly not the way in which we have been encouraged to work.

Graham Simpson: Well, they are not that dramatic. It is the language that ministers have used in all of this—

Alison Irvine: I am not aware that that view still holds. I am not aware that—

Graham Simpson: Hang on—don’t interrupt. Ministers have said, “We want, by 2031, Scotland's bus network to be under public control.” I am trying to explore what is meant by that, and I am still not really clear. I think that there is an element of flexibility, but, to be honest, I am not really sure from the answers that you have given.

Alison Irvine: Ultimately, our job is to bring that clarity. That is what we are seeking to do.

Graham Simpson: Well, I look forward to getting that clarity.

Alison Irvine: And I look forward to getting your views, too.

Graham Simpson: I want to move on, because we have other very interesting panel members, and I want to hear their vision for how franchising, or something else, could maybe meet the number 31 test that I talked about earlier—let me put it like that.

So, Jamie, where do you, as my man in Strathclyde, ultimately want to get to? I noticed that you mentioned Clyde metro in your submission. I will believe that when I see it happen—I am sure that you probably feel the same—but it would be nice if it did happen. Still, you see that as being part of a franchise or integrated network. What is your vision? Where do you think we should get to?

The Convener: Before you come in, Jamie, I will bring in Lloyd Melville with a follow-up question, so you have some time to think about your answer.

Lloyd Melville: Sorry about that, but I wanted to ask about the model. I thought that Graham Simpson asked some very pertinent questions; in fact, I would just point to legislation that is already on the books in Scotland—I am thinking of the Transport (Scotland) Act 2005—and I have asked the cabinet secretary about section 10 of that act, in particular, under which significant additional powers could be transferred to the RTPs at pace by order of Government. In my view, if we want to meet the 2031 target, all options will need to be on the table from the Government, not just through primary legislation but by order, too. I asked the cabinet secretary about this twice, but I did not get any clarity in that particular debate as to whether that was on the table. Alison, is that on the table from the Government?

Alison Irvine: You will have to remind me what it is, I am afraid to say.

Lloyd Melville: I brought it up on my phone before I asked the question, but the 2005 act allows the Government to devolve significant additional power to the RTPs by order, including

“making and implementing bus service improvement partnership plans … entering into franchising frameworks”

and

“entering into ticketing arrangements”.

As I have said, it is significant further power.

This is the point that I am trying to get at. Yes, it is important to look at legislation, but do we have mechanisms available to us immediately that would allow us to do this at pace? I suppose that my question is this: is the Government looking at all options instead of being solely focused on the legislative aspect for spring next year?

Alison Irvine: As you have said, various different options are available to local and regional transport authorities, but the Government that I have worked for over the past so many years has not been in that directive space.

I do not know the answer. Mary, do you?

Lloyd Melville: For clarity, the order would allow power to be transferred to the RTPs, for them to exercise. Rather than that being directive, it is about giving the regions the power to get on and do things.

Alison Irvine: I am guessing—but I could be wrong—that it is about the different models of RTP.

Lloyd Melville: Yes. It is fantastic to hear that SPT, being very ambitious, is keen to get cracking, but the RTP in my area—the Tayside and Central Scotland Transport Partnership—is simply not in that space, because it does not have that level of responsibility.

Alison Irvine: If it is about the models of RTP, the powers that you are talking about need to come from the local transport authorities to the regional bodies. SPT and Shetland’s Transport Partnership—ZetTrans—are model 3 authorities. The rest are probably all model 1. There was an attempt by SEStran a number of years ago—

Lloyd Melville: I am conscious of time, and I do not want to take up too much of it. Is the Government keeping all options on the table? That is where I want to get to.

Alison Irvine: I will give you a yes, then.

Lloyd Melville: Thanks for that.

Jamie Ross: I have a couple of points. Our interpretation of public control is that, from 2031

onwards, no matter where someone is travelling on a bus in Scotland, the services, standards and fares will be specified by a guiding mind, whether that be a publicly owned bus company that reports into a local authority or a fully franchised network, in which the guiding mind—in our case, that would be SPT—has prescribed all those things. We will have overturned the settlement of the past 40 years, through which, typically, when people say that the number 31 bus is not good enough, or has been withdrawn, or has been cut, the answer has typically been, "It's for the market to decide which services are commercial," and, "If we can scrape together enough budget, we might step in and subsidise it."

The first key point is that bus passengers would be able to talk to a public authority that has set the timetable, fares and standards. The point about Clyde metro in our submission was that regional transport authorities should be empowered with a duty of integration. When setting up a new system called "Clyde metro", how is it possible to plan and design a network of bus services without having influence over rail services? To go back to Alison Irvine's earlier point on another question, all three must be planned in a whole-system approach. Not only should the guiding mind have power over the bus network; it should have a duty to integrate bus services and fares with other modes of transport.

To go back to the 31 bus question, the system at the moment is completely suboptimal. We have a tendered services budget that is constrained. We can step in if commercial operators pull off services. What should we do—not budget for further service cuts and get caught out, or budget and signal to operators that we are perfectly comfortable if they pull off more commercial services?

Everything that has been done across bus has been extremely tactical. Last week, our operations committee signed off subsidy to nine new services, with transport to employment funding—helpfully—from Transport Scotland and the Scottish Government. We are setting up nine new services, which are critical. Five of them go to hospitals, including Monklands, Stobhill, Crosshouse and Inverclyde. They are essential for people to get to hospitals and to work in the national health service. The funding is only until the end of March. It is about overturning that whole suboptimal approach and saying, whether it is about the 31 bus or any other route, "Let's provoke a discussion about what the right service level should be and how it should integrate with rail and other modes."

Graham Simpson: I will come to the other witnesses, to whom I have not yet spoken. We will have to be quick, because there are another two members to get in before 11 o'clock.

Paul White, what is your vision? What would you like to see in legislation?

Paul White: It is clear from the exchanges today that there is a disconnect between what the cabinet secretary said last week and the understanding that we have on franchising—is a bus service improvement partnership still part of the equation? That leads to a degree of uncertainty, which has real impacts. For example, if an operator has bid into the Scottish zero emission bus challenge fund in order to introduce zero emission buses, it might be expecting those to be delivered in, say, 2028, for a seven-year lease, but it would have no certainty about what will happen to its business beyond 2031. How can it make that investment?

That is a huge concern to our SMEs, which do not see any opportunities through franchising. There is no business growth, just a threat to their ability to run the services that they currently offer.

So what should we do? Going back to Jamie Ross's point, I think it important to note that the split between commercial and supported bus mileage is about 80:20, and that has been the case since about 2006. Those figures come from the Scottish transport statistics, and they show that it is not the case that, across Scotland, commercial mileage has vanished and supported mileage has shot up.

It would be helpful to understand what is on the table and, indeed, to learn lessons from England, where there is funding for authorities to look at and assess what might be the best choice for them, whether it be a franchise or even an enhanced partnership. The enhanced partnerships that have been established in areas of England such as Leicester, Portsmouth and Norfolk have delivered strong results; in fact, they meet a lot of SPT's ambitions in terms of having set dates for fare changes and service changes, agreed liveries and integrated ticketing, while at the same time delivering patronage growth.

Therefore, why would we not consider statutory partnerships in the first instance? They would at least provide a framework in which, if we decided to move to franchising at a later date, that would not be precluded, but we would still have that investment from authorities and operators in the intervening period.

Graham Simpson: Okay—that was clear enough. Margaret, what would you like to see?

Margaret Roy: ATCO's view is that a blended model would probably be most suitable if you are dealing with rural, island and urban areas. One size does not fit all. Urban areas with multiple operators and significant commercial overlap might have a stronger case for network-wide

franchising, but in rural and island areas substantial control is often exercised already through the local authorities' subsidised network.

As Alison Irvine has said, local authorities are now starting to run quite substantial and very successful in-house operations themselves, and we must not forget the very valuable community transport services that we have in Scotland, which provide lifeline services to those very deep rural areas where, often, it would not be appropriate to have a fixed-route local bus service or intercity coach service. It is a mixed bag, and one size does not fit all.

I meant to say earlier that we must be mindful of the vehicles that run on intercity coach services compared with those on local bus services. Local buses are often low-level-entry vehicles, and although all coaches are wheelchair accessible, they usually have high-step entrances, which can be a barrier to many people who have mobility problems in other areas. They cannot manage the high steps and need that low-floor local bus service provision.

Therefore, we also need to be mindful of vehicle type. I am thinking, for example, of the sorts of vehicles that are used by community transport. That sort of service might well include a befriending service as well as transport provision, and it might involve assisting passengers into and out of vehicles and even going to their hospital appointments with them. So yes, it is a mixed bag, and not one size fits all—that would be our approach.

I would also mention the 2019 act and its provisions with regard to BSIPs, in-house operations and franchising, and there is also the fact that, at the moment, local authorities can offer contracts for tender.

Graham Simpson: Thanks, Margaret. I noticed the suggestion in your submission of a "national technical support function" to help authorities with whatever model they choose. Indeed, I made the same suggestion in the debate that we had last week. However, I will not ask you to comment on that. I will duck out just now, as there are others who want to ask questions.

The Convener: Thank you, Graham. We will have to finish by 11, although we have the option to stay here rather than go to the garden lobby. If need be, we can run over and—with your forbearance, perhaps—return shortly after the 11 o'clock break to carry on with our questions.

10:45

Donald MacKinnon (Na h-Eileanan an Iar) (Lab): As the convener alluded to earlier, my line of questioning will be on SMEs. First of all, though, and connected to that, I want to ask about direct award. In your written submission, Jamie, you mention short-term direct award as being an important first step in this process. Can you expand on that, particularly on how such a move would be important to SME operators across the network?

Jamie Ross: The direct award approach could be a powerful tool in expediting the journey towards franchising. In effect, it involves the transport authority entering into agreements with the current operators, whether they be large groups or SMEs, to put in place franchise conditions specifying the timetables, fares, terms of delivery, standards and so on. Obviously, it gives the current operators slightly longer security of tenure before any franchising competition is run, and it gives the authority full transparency over the network's operation.

The network is, in effect, moving very quickly to a franchise-like situation, and we feel that any better buses legislation should mirror the tool that was put into the English legislation a few years ago to allow for direct award, because it is much more relevant if you have not yet embarked on the franchising procurement. Typically, any authorities that are midway through that process will not consider direct award, but I wonder whether that kind of mechanism could be put in place to allow Strathclyde to move much more quickly to being almost under franchise control, but without there being competition. Instead, there would be a direct award to the incumbents. Of course, competition brings some advantages such as value for money and competitive tendering, so what I have suggested is not a perfect solution. However, it is an option that could move us along more quickly.

Donald MacKinnon: Would it be a crucial step towards meeting the Government's ambition of meeting the 2031 target?

Jamie Ross: It depends on how quickly we can get to the franchising decision. I talked earlier about the prospect of getting to that decision by the end of 2027, bearing in mind the timescales that we are looking at and the fact it has taken English regional authorities between two and a half and three years to complete the same process. If we can get to the franchising decision more quickly, we might be able to meet the 2031 timescale. However, if the better buses legislation does not come along quickly enough, or if it is not as effective as it should be, you might want to consider a direct award approach to satisfy the First Minister's commitment to meeting the 2031 target.

Donald MacKinnon: Thank you, Jamie. Alison, has the Scottish Government given any consideration to direct award in this context?

Alison Irvine: As Jamie Ross has already outlined, direct award can be a useful component in the transition to franchise arrangements. A key point to make is that it is not a long-term solution, and in our work on the better buses legislation, we are looking at other ways of expediting the transition to franchising and making it easier than it might be, operating, of course, within the bounds of the legal and subsidy tenets within which we all have to operate.

Donald MacKinnon: Do you think that there could be some challenges around that?

Alison Irvine: I am sorry—did you ask whether I thought there could be challenges? I see challenges everywhere. [*Laughter*.]

Donald MacKinnon: Yes, I appreciate that, but I was asking about challenges to the use of direct award in this context. Do you think that that sort of thing is achievable?

Alison Irvine: It has to be done in a proportionate and appropriate way. As any incursion into that territory brings about a risk of challenge, it will all be about the risk appetite.

Donald MacKinnon: Do any of the other panel members want to respond to my question on direct award?

Paul White: The CPT's submission covers the impact on SMEs and the fact that franchising in areas of England has had difficulties in addressing the SME issue. I agree with Jamie Ross that direct award is a potential way of extending the length of time for such considerations. When we are considering truncating processes and trying to meet an imposed deadline, authorities have to get ready, but so, too, do operators, and small or independent operators with no experience of bidding in a franchise will have to build up their ability to participate in the process. Indeed, it is not just small operators; there are larger operators that have not participated in such a process before, and they will be competing against operators with experience in England and other parts of Europe. A direct award mechanism would give those operators some time to ready themselves for change, and it would also provide a degree of security, which is an issue that my SME members regularly raise with me.

Donald MacKinnon: Paul, you have just touched on some of the other challenges that SME operators might face as the franchising model moves forward. We will hear about the Greater Manchester example later, but I note that there have been some challenges there, and the involvement of SME operators in delivering bus services has been tailing off since that particular model was introduced. What are the biggest risks here, and, moving beyond the discussion that we have just had about direct award, can you highlight other opportunities to ensure that the franchising model is open to SMEs?

Paul White: It is a challenging issue, and I am not sure that we have cracked it yet in England. Difficulties with SME involvement have arisen not only in Manchester but in Yorkshire and Liverpool.

We run a risk here, because we are talking about small operators that provide some commercial and some supported bus services, as well as home-to-school services and perhaps other private hire coach services that schools rely on. If you lose one part of that, the entire house of cards falls down, and those businesses are lost. As small operators, they have strong community links; indeed, some are family businesses that are not looking at franchising as an opportunity to run additional services in other parts of the same region or, indeed, the country. They just want to focus on delivering what they do well in their own areas.

Therefore, it is essential that we take the time to learn the lesson from England, look at how we involve SMEs in the process and ensure that they have the resources to bid competitively for routes, perhaps after a period of direct award.

Donald MacKinnon: Thanks.

Margaret, you have already highlighted the importance of SMEs in delivering services in your area and across much of rural and island Scotland. What challenges could arise in that respect? As we move forward with the Government's ambition for more public control of the bus network, how do you envisage SMEs being included and involved, and what will be the dangers if they are not?

Margaret Roy: I agree with Paul White and Jamie Ross that the direct award process would have the advantage of giving SMEs time to prepare. As you will know, many are family-run businesses, with the family that owns the business out driving and maintaining the buses, doing the concessionary reimbursement claims and so on. They do not have separate teams to do that work, unlike Stagecoach and First, which can employ a team of lawyers to put in a franchising bid or have non-operational staff who can focus on such things as franchising. SMEs, understandably, needed a lot of support even to move from paper to electronic tendering, because it involved a steep learning curve.

If we are talking about these businesses needing to find capacity over and above their everyday operation, we need to remember that running buses is not easy. It is a hard, 24/7 business, and it involves a lot of commitment, a lot of pressure and a lot of time. A significant move

such as franchising, and all the requirements surrounding it, will be challenging for them.

If the result is that SMEs leave the industry, that will create widespread risks, ranging from the ability of local authorities to deliver their statutory home-to-school transport duties to the impact on tourism. You might want to have your wedding in a certain area of Scotland, but if you cannot hire a bus to go from the church to the reception, you will say, "I'm not going there. That isn't a wedding venue any more," and you will go somewhere else where you can get that service. Obviously, those things depend on—

Donald MacKinnon: —being delivered by SMEs. They have a much wider impact on all those other areas of service. I understand that.

Margaret Roy: The risk would ripple out into other areas.

Donald MacKinnon: Across the rural economy, I guess.

Margaret Roy: Exactly.

Donald MacKinnon: Jamie Ross, you touched earlier on capital infrastructure such as bus depots. Having access to such facilities will be crucial for SMEs that want to be involved in the franchising process. Does SPT recognise that? Do you also recognise that there is a risk, as we have heard, that the franchising process could force some of those operators out?

Jamie Ross: We absolutely recognise the challenge of ensuring that the franchising process is designed in a proportionate way that allows SMEs to compete fairly, particularly against some of the bigger groups. A key justification for a public authority owning a depot is that it could create a level playing field for all bidders, which could have use of that asset if they were to win contracts. If depots are not publicly owned, incumbent operators will have a supreme advantage and all the other bidders will be left struggling to show how they could function as an operator. Inherent in any design of an SPT franchising scheme would be consideration of how SMEs could compete on even terms through the process.

Donald MacKinnon: Do the Scottish Government officials have any final thoughts on the challenges that might emerge when trying to ensure that SMEs are included in the process and that there is no tailing off of SME involvement in bus service provision?

Alison Irvine: I do not have anything to add. I have not heard anything that I disagree with. That is a challenge and a concern for us.

Donald MacKinnon: My final point relates to regional differences, which we have already discussed. In my constituency, all the bus services are tendered by the local authority, so there is a level of public control, but the bus contracts changed a few weeks ago and, as a result, services have reduced, so my inbox is full of people expressing concerns about that. The model that is used by Comhairle nan Eilean Siar is one way of delivering public control, but a big problem remains the amount of money that is available and the budgetary constraints on the level of service that is able to be provided. We have heard about the large costs that could be associated with franchising, but it is important that, even in areas where franchising is not taken forward, there is investment in delivering better services—services that my constituents would be happy to receive.

I do not expect a response to that point, but I wanted to get it on the record.

The Convener: I propose that we pause the meeting now. People are welcome to go to the garden lobby if they wish, but I suggest that, once the two minutes' silence is over, we carry on with the evidence session. People should be aware that we will remain online during the period of silence. Instead of cutting Martyn Day's questions in half, we will pause now.

11:00

Proceedings paused and silence observed in public.

The Convener: Thank you very much. We will move to questions from Martyn Day.

Martyn Day (Falkirk East and Linlithgow) (SNP): I have a couple of questions about community transport and bus priority. Alison Irvine, how should community transport fit into a franchised bus network?

Alison Irvine: Community transport has an important role to play in Scotland's public transport system. We will need to work through whether it will fit in a franchised system and how best to support organisations that have been set up, particularly in rural areas, to provide the level of service that people want. We should not take a one-size-fits-all approach. What works will be different in different areas, so systems should be designed with the local area in mind. That is part of the journey that we are on.

Martyn Day: I will throw out that question to the other witnesses.

Margaret Roy: I also have a concern about how community transport groups will be included if franchising turns out to be the only option. Although most community transport groups deliver non-registered services, there are some groups in Scotland that deliver registered services in the same way as licensed bus operators do. For

example, there is a community transport group in Perth and Kinross that operates three local bus services, and there is a community transport group in the SPT area that operates a daily service between Strathaven and Glasgow with a full-sized single-decker bus.

It is a concern, and I am interested in continuing to liaise with Transport Scotland as its work develops. I am sure that the Community Transport Association will be one of the key stakeholders that Transport Scotland will reach out to in order to understand how community transport groups can fit in with the work.

Paul White: I agree with Margaret Roy's assessment. Community transport groups face a lot of the same issues that small commercial bus operators face, and it will be important to consider them within whatever models we end up being allowed to look at.

Jamie Ross: One of our asks for the better buses bill is a service permits provision, so that the authority can create a franchising scheme that might, for example, in our case, include the whole of Strathclyde. Certain services would be excluded from the franchising umbrella, and they would operate under what is formally called a service permit, to which conditions can be attached, so that the service is not up for competition. It would not be fully franchised in that sense, but the authority would have an operating permission as long as it complied with a service permit—which might, for example, state details around frequencies—and that would not be brought into the franchising loop. That might well be a way of providing for community transport operators that are delivering more formal or registered services in the current set-up.

Martyn Day: This is maybe an unfair question to ask the witnesses, but all your organisations were involved with the Government's round table at the end of August on better buses, to which the Community Transport Association was invited. Has that changed anyone's thinking on community transport integration? How will those providers help shape the process? Did that come across at the meeting?

Mary Docherty: I attended that meeting, and those points were well made by the community transport representatives. To reiterate Alison Irvine's point, we will be actively undertaking engagement over the next weeks and months with the relevant organisations, to take on board key points such as that.

Martyn Day: How should community transport be funded so that people who cannot use ordinary buses can reach healthcare and other essential services, which is a key component of community transport at the moment?

Jamie Ross: A key lesson learned for us is probably looking at the experience in Ireland, where considerable steps have been made, particularly in rural transport connectivity, to build a service network that is a fairly compelling mix of not just scheduled services operated by medium-to-large operators but community and demand-responsive services that might go right down to the level of a taxi cab. The whole thing is part of a system that is meant to meet basic journey frequency specifications to better connect, in particular, villages to nearby towns. The point that I would make, and why I say that we can learn from it, is that community transport is part of a whole-system approach. It is not something that sits at the side, to be ignored or forgotten about, because it could be part of the solution, particularly in more peripheral areas.

Martyn Day: Does anyone want to add anything to that?

Paul White: I agree with Jamie Ross that you need to look at the whole transport network assessment. So much of Scotland—more than 70 per cent—is classified as remote and rural and, particularly in rural areas, you need to involve community transport as a feeder to commercial services. It plays an important role, and I hope that it is considered in the franchising assessments.

Martyn Day: I am conscious of time, so I will move on to bus priority. Which measures have been proven to work best, and how would they sit alongside franchising? I will start with Alison Irvine.

Alison Irvine: Bus priority, which is effectively the reallocation of road space, is a proven way to bring about journey-time reliability. There is a lot of evidence that supports that type of endeavour.

When you look at Scotland's roads and streets, you find that Edinburgh has been pretty good at introducing a degree of bus priority in its local area. That tends to work well. We have bus priority running on the A90 into Edinburgh and across the Forth road bridge, which is probably bus priority at its grandest scale. However, as members will know, reallocating road space from one user to another can be politically challenging, whether that is from car drivers to bus users or from drivers to pedestrians and cyclists and all that goes with that. Those are part of the systemic choices that we have and part of the systemic problems that we need to overcome.

Martyn Day: What additional powers might be required to speed up the process of bringing in bus priority measures, and in relation to enforcement?

Alison Irvine: There are probably some things that we can do. Looking at the role of traffic regulation orders might help to speed up decisions, and that is certainly on our mind. The

enforcement of bus priority measures is just as important, and Mary Docherty might be able to add more on that. The ability to use cameras to stop people parking in bus lanes is another area in which we will want to look at legislation in the coming years.

Mary Docherty: Absolutely.

Martyn Day: I open up the question to the other witnesses.

Paul White: There is an important difference between control and delivery. The issue of control is about whether you are interested in franchising, and delivery relates to what is being done to tackle congestion and ensure driver recruitment and fair levels of rural provision.

Franchising in itself does not address bus priority or congestion, although you could say—I am sure that Jamie Ross will say this—that, if an authority has that degree of power, it will have more skin in the game and a greater desire to address those things. That has happened in Manchester, where more action has been taken to address congestion and the impact of roadworks now that that is an important issue for Transport for Greater Manchester.

The CPT calls for bus priority a lot, and we have the bus infrastructure fund, which helps to provide that.

I am sorry—I had another point on bus priority, but it is gone.

Martyn Day: That is okay. Jamie, do you want to comment?

Jamie Ross: As Paul White said, in itself, bus franchising does not change or necessarily improve bus priority, but increasing responsibility for a public authority through a franchised bus network elevates the discussion and the actions that are taken on bus priority. I have been to the operations centre in Greater Manchester, which is extremely impressive, particularly when it comes to dealing with road congestion and diverting buses at short notice to keep the system operating. I think that Greater Manchester achieved a 10 per cent improvement in punctuality within the first few years of bus franchising.

I completely agree that bus franchising in itself does not change bus priority but, if the network is publicly controlled, that elevates the importance of the issue. As public authorities, we need to collectively admit that we have not done as well as we should have done in working with operators to improve bus priority over the past few decades.

Paul White: I remembered the point that I was going to make. Within a franchising assessment, you can maybe say that you are going to do X, Y and Z on bus priority or take other such measures, but we should consider all models and weigh them up against the same kind of financial envelope. To make sure that we are comparing apples with apples, we need to consider what could be delivered for that amount of money in a partnership, and what we can achieve on bus priority with that money in a franchise.

11:15

Margaret Roy: Bus priority is hugely important, and the Scottish Government's bus infrastructure fund is most welcome. However, we need to be aware that, in rural areas, there is not the same opportunity to put in bus lanes or bus gates, because of road widths and the set-up of towns and villages, so we cannot use the same processes that we would in an urban area. We have to be mindful of rural areas and think of other ways in which we can support them with bus priority.

With rural bus services that feed into urban areas, if the buses are running faster through those urban areas, clearly that helps the rural population when they are entering the urban areas. We have to think of things such as traffic-light priority and perhaps restricting parking that prevents buses from getting into bus stops properly. There are small initiatives that can be really helpful, as well as the big grand schemes such as putting in bus lanes.

Martyn Day: A couple of witnesses have mentioned the bus infrastructure fund. The cabinet secretary has said that £55 million is available through that fund. How much of that is likely to go towards bus priority measures? Maybe Alison Irvine has some details on that.

Alison Irvine: It is a bus infrastructure fund, and we have tiered the funding to try to tackle some of the points that Margaret Roy has just made about the differing needs for infrastructure across Scotland. Much of the investment has gone into bus stops, bus signs, information sources and so on. A lot of the work has gone into designing bus priority measures, particularly in urban areas, and then there is the actual construction that is associated with schemes on the ground. I do not have any more detail than that but, if the committee is interested in that, I am happy to provide it.

Martyn Day: Thank you—I would certainly be interested in a bit more detail.

Obviously, some routes cross authority areas. Who is responsible for ensuring that bus priority is delivered along an entire route if it goes through multiple jurisdictions, for want of a better expression?

Alison Irvine: That is a good point. One strength of having regional transport authorities is that they help to bring together local authorities where routes do that.

Jamie Ross: I echo what Alison Irvine has said. If you are trying to improve such routes, you have to look at them from end to end, and particularly at the key congestion points. In a sense, that is about informal working between local authorities. Indeed, one or two routes go across more than two authorities' boundaries.

The issue of who takes responsibility for cross-boundary routes also comes into play in considering how to design a franchising network. Again, that leads to discussion between authorities as to whether, if the majority of a route is in one local authority, it should be in its franchising scheme, albeit that it goes outside the area, and vice versa. Indeed, there could be consideration of whether a cross-boundary service should operate under a service permit rather than officially within the franchising scheme.

Those cross-boundary and service permit issues, as well as the issues of trying to improve bus priority and journey times, are more hot topics for the better buses bill.

The Convener: Martyn, we will have to wrap it up, as we have another panel waiting. Is that okay?

Martyn Day: That is fine.

The Convener: I was going to bring in Graham Simpson on smart ticketing, because we cannot have a session without doing smart ticketing with Graham, but I am going to pause that and perhaps we will pick up the issue with our second panel of witnesses, as I am conscious that we have kept them waiting for some time.

Our witnesses will be able to tell that we are enthusiastic about buses, as they are, and that we could talk about it for a long time. Your expert evidence has really helped to inform us on the issue. As we have indicated, we will return to the issue over the next six months to a year in advance of any legislation, and I am sure that we will call on you again for your expert advice. I thank Margaret Roy, Alison Irvine, Jamie Ross, Mary Docherty and Paul White for their evidence.

I suspend the meeting so that we can bring in the new witnesses.

11:19

Meeting suspended.

11:24

On resuming—

The Convener: I welcome our second panel of witnesses, and I thank them very much for their tolerance and patience. We overran the previous evidence session because we can talk about buses all day—nobody could stop us. We are looking forward to the witnesses' evidence for our inquiry on buses. We have with us Christopher Cheek, managing director of 2FM Limited; Alison Chew, interim network director for bus at Transport for Greater Manchester; and Nick Owen, head of bus performance delivery at Transport for London.

We have a set of questions that we will ask you. I ask members to try to keep their questions short, and we would appreciate it if the answers were short. We are due to run until about 12:35, but we have a bit of flexibility, depending on how the discussion progresses.

We start with questions from Graham Simpson.

Graham Simpson: I welcome the witnesses. They are on a small screen, so I am just looking up at them. I cannot see their faces well, but I am sure that they are all lovely.

The committee has the prospect of legislation coming from the Scottish Government. We are not clear what it will be, but it could involve some element of franchising and other models, so it would be useful to hear what the experiences have been in Manchester and London. London has had a system in place for a long time, so, for those of us who do not visit London often, I ask Nick Owen to describe how that operates. Manchester's Bee Network is relatively new, so perhaps we can start with Alison Chew telling us how that has gone and what the challenges have been.

Alison Chew (Transport for Greater Manchester): Good morning, everybody. It is lovely to be with you online.

We launched the Bee Network in September 2023 after the passage of the Bus Services Act 2017 in England. We rolled it out in three tranches between September 2023 and January 2025. Over that period, the whole of Greater Manchester's bus network became franchised, so we will have been fully franchised for two years in January 2027.

We have seen some positive trends and successes since the Bee Network became franchised. Patronage has increased by 24 per cent since franchising commenced, so we have seen a hefty uptick in the numbers of people using the bus network in Manchester. Punctuality has also improved—I watched the previous evidence session, in which Jamie Ross commented on that—from around 66 per cent before franchising to around 80 per cent now.

We have been able to integrate in different ways with our tram network and light rail system. We launched tap and go, our simplified ticketing arrangement across our bus and tram network. It provides contactless, tap-and-go capped payments.

We have seen positive outcomes since franchising commenced. Customer satisfaction has also increased.

A number of franchises operate in Manchester. We have large franchises and a series of small and school franchises that are operated by six different operators in total. We have three large franchised operators that operate the 10 main large franchises, then there are a number of small and school franchises that are operated by other operators. They are smaller in size with smaller vehicle requirements. At TFGM, we have a team that manages those franchises from a contract management perspective and manages our relationships with the operators.

I am happy to take more detailed questions. That provides an overview of where we are.

11:30

Graham Simpson: Thank you, Alison. I will stick with you for now. Am I right in saying that your model allows private operators to bid for services?

Alison Chew: That is correct.

Graham Simpson: So you do not own the buses.

Alison Chew: No, we do not. We contract them under a franchise model. We own the depots for the large franchises. For every large franchise, we provide the depot that goes with it. We do not own the depots for the smaller franchises, and we do not own the buses. We let the franchises as contracts to operators that bid for that work.

Graham Simpson: You mentioned tap-and-go ticketing. You will not know this, but, in the committee's evidence sessions, I always ask about integrated smart ticketing, because I would love to have it in Scotland. We are nowhere near having it, even though the Government has set up an advisory body to look at it. The Government has been talking about it for years, but it has never happened.

You have a system that sounds easy to use that can be used across bus and tram.

Alison Chew: Yes, that is correct. We launched that in spring 2025, within a few months of the network becoming fully franchised. We would not have been able to do that without franchising the full bus network in Greater Manchester and having control of the ticketing arrangements.

The process is very easy. You board a bus and tap on as you get on. With a tram, you tap on and tap off. The background system calculates the amount that you are charged. It is a simple system for passengers to use, and we have had great success with it. Passengers are very complimentary, and it has made travel easier and simpler for people here.

Graham Simpson: That is the way it should be. Is there an app that people can use?

Alison Chew: Yes, we launched a Bee Network app at the point at which we launched the first franchises in September 2023. That developed and became part of the system. We launched the app at the point of franchising in order to have a central customer offer for the franchise network. The app includes live tracking.

Graham Simpson: What you have said about the powers that you have, which give you the ability to do all those things, takes me back a long time. My dad used to work for a company called SELNEC, which you might have heard of, which stands for South East Lancashire North East Cheshire. That is probably where I got my accent from, because we lived in the Manchester area for a bit.

Back in the early 1970s, there were powerful passenger transport authorities that could do exactly what you are now able to do in England—set the fares and set the routes. You have that model, but we do not. Is that a model that Scotland should be considering?

Alison Chew: It has certainly brought Greater Manchester advantages in the shape of the outcomes that I talked through earlier, including increased patronage, increased customer satisfaction and increased punctuality. There have been a host of positive benefits for the bus network in Greater Manchester.

The decision was made to franchise the network for the urban area on the back of an assessment that was undertaken of franchising and other options that were available under the Bus Services Act 2017. We believed that franchising would allow us to operate an integrated transport system in Greater Manchester that would provide the best outcomes for Greater Manchester's growth and for its residents and its visitors. We felt that that was the best decision for our area.

Graham Simpson: Thank you very much for that.

I turn to Nick Owen from Transport for London. We are all well aware of the Oyster card. Is that still on the go or is it redundant?

Nick Owen (Transport for London): The Oyster card still exists, although most of our

ticketing has now moved to contactless cards, which is similar to Manchester, I think.

Graham Simpson: It is very similar. Does that work across bus and underground?

Nick Owen: It works across bus, underground, tram and metro rail operations.

Graham Simpson: So, if I were to come to London and use all those modes of transport, I would just get a bill at the end of the day that would give me the cheapest price.

Nick Owen: Yes, exactly. You can be capped on a daily or weekly basis to ensure that you get the best value fares by using that card.

Graham Simpson: The buses in London are privately owned, is that correct?

Nick Owen: Yes. We have a slightly different model from Manchester's and come from a slightly different place, because the London bus service has never fully been in private hands. However, generally, yes, the operators own the buses and the depots, and we own and lease about 1,000 of the buses. So, it is probably best described as a tendering rather than a franchising model. We contract about 9,000 buses across 650 routes; the main difference between us and Manchester, as I have said, is that we do not generally own the depot infrastructure and our contracts are on a route-by-route basis—we manage individual contracts for each of those 650 routes.

Graham Simpson: So that we are clear on the model, do you decide on the timetables and the routes and contract out if there are gaps?

Nick Owen: Yes, we decide on the routes and the timetables, or at least the frequencies, and we put those out to open tender to pre-qualified operators in London. We currently have about eight operators in London that are actively bidding for routes, and we are about to onboard a ninth in the new year. Three of those nine will be small or medium-sized enterprises as well, and we think that the route-by-route model makes it easier for SMEs to access the market.

Graham Simpson: When somebody wins a contract, do they have to badge their vehicles as Transport for London?

Nick Owen: They carry standard red livery with the Transport for London buses logo, but a small amount of branding is allowed for the operators, too.

Graham Simpson: That is good. I hope that other members will have lots of other questions for you, but I will now bring in Chris Cheek.

Thanks very much for your submission, Chris, which was really interesting reading. At one point in it, you say that

"franchising is not a panacea".

What kind of route do you think that Scotland should go down?

Christopher Cheek (2FM Limited): It entirely depends on which part of Scotland you are talking about. The two major urban areas and other significant ones have different challenges and problems from the rural areas, as you heard in the previous session—I caught the last 20 minutes or so of it—so I do not think that there is one model that applies to the whole of Scotland. There are strong arguments for franchising in Strathclyde, as we have heard, and possibly in the south-east as well, but there is a complication there because everybody guards the achievements and quality of Lothian Buses very closely, and understandably so. It is a very mixed picture, as indeed it is in England. There is no one-size-fits-all regime for the whole country.

Graham Simpson: No, indeed. You mentioned some of the council-run schemes. Nottingham is a good example, I guess, of where the council runs things. Have you got a view on that? It is similar to Lothian, I suppose.

Christopher Cheek: In many ways, it is. Nottingham is an interesting example because for more than 50 years the council there has been pro-public transport in all its policies—park and ride, the original fare zone and collar scheme, which the council tried in the 1970s, and the tram. To have been involved in a small way in delivering Nottingham Express Transit is one of my proudest achievements, along with Croydon Tramlink. Nottingham is a unique and outstanding example of what can be done through consistent pro-bus policies by the highway authority over several decades, and it is rewarded by having the second-highest bus ridership per head in the country after Brighton—which has an interesting model, too, albeit a different one.

Graham Simpson: What are they doing in Brighton that is so good?

Christopher Cheek: There is a long-standing, 30-year-plus close working relationship between Brighton & Hove Buses and the council, with a lot of pro-bus measures being implemented over a long period of time. Brighton & Hove Buses has, for decades, been an award-winning, high-quality bus operation, and the combination of the bus company and the council delivers a very powerful market performance.

Graham Simpson: Thank you, Chris. I will have a look at Brighton, and the next time that I am in Nottingham—I go there a couple of times a year for various reasons—I will have a look at Nottingham Express Transit.

Christopher Cheek: I have always said that riding on the buses in Nottingham is a different experience from the experience in most other places. It always warms the cockles of my heart to go and ride on buses in Nottingham.

Graham Simpson: I will get back to you and let you know if it has that effect on me.

You also say, in paragraph 3.5.7, that local government reform, which has been mooted in Scotland, could get in the way of making improvements in public transport. Could you expand on that?

Christopher Cheek: There are always risks in essentially throwing everything up in the air and seeing how it lands. I was struck by a comment that was made by someone in the previous panel about the importance of bus priority and the political difficulties around it, which I also touched on in my submission. The key difficulty, which some of the combined authorities in England face—Alison Chew might comment on this in a minute—involves situations in which highway responsibilities sit with one authority and the transport responsibilities sit with a perhaps higher level authority. I am a great advocate of unitary status and would be reluctant to see that lost.

Of course, the constant challenge in such situations is that a new authority has to take a huge number of decisions about how it organises itself. It must recruit staff and it must come up with a new strategy for its new authority boundaries and so on. Inevitably, that takes time. You can do a certain amount if you have a shadow authority in place for a year, as is proposed in England at the moment but, nevertheless, there will be a period of disruption and there will inevitably be delays and possibly extra costs in doing all the things that Jamie Ross and Alison Chew have mentioned in relation to preparing for and managing the transition from a commercial system to a franchising system, on top of the authority being reorganised and so on.

Graham Simpson: I agree with that. If we are going to have local government reorganisation at the same time as introducing franchising or whatever else, that just complicates matters.

Christopher Cheek: Absolutely.

Graham Simpson: You invited Alison Chew to comment, so I suppose that I had better let her have a say on the issue. Alison, you have to work across a number of local authorities, do you not?

Alison Chew: Yes. We have 10 local authorities in Greater Manchester. They remain the local highways authorities, so they have responsibility for road maintenance, road works and local traffic management. Transport for Greater Manchester has strategic oversight of what we describe as the key route network. We manage some of the permanent traffic signals on that key route network and we work with our councils, operators and, where relevant, National Highways to identify congestion hot spots. We try to coordinate as much as we can in terms of planned works and our response to live incidents on the network.

We have an operational control centre in our head office and our large franchise bus operators have control centre operatives based there, who sit and work alongside our control centre staff day in, day out. When there are major events or other reasons for more joined-up working, we have other partners that work together with us on site. That co-ordination and partnership approach helps us drive a better overall outcome for the highways network in Greater Manchester.

Graham Simpson: Thanks very much, Alison. You have whetted my appetite for a visit to Manchester. Even if the committee does not go, I would love to visit your operations centre.

Alison Chew: You would be very welcome.

Graham Simpson: That is fantastic.

11:45

The Convener: I cannot shake from my mind the image of Christopher, Graham and Alison riding the buses of Nottingham and Manchester together. You can send us a video of that idyllic scene.

Graham Simpson: A joyous image.

Donald MacKinnon: I turn to the issue of SMEs and how they interact with bus services, particularly where franchising is being rolled out.

Alison, there have been a lot of successes in Greater Manchester in taking forward bus franchising and delivery, as we have heard in your responses to Graham Simpson's questions. However, it seems that things have not been quite as good in relation to the involvement of SMEs. Do you recognise that issue? If so, are you taking steps to address it? Is there anything that you think the Scottish Government should be aware of in taking forward bus franchising in Scotland that may prevent some of those issues arising and make it easier for SMEs to remain or become involved in the bus services?

I am sorry that there is such a lot in that question, but any reflections on those issues would be helpful for us.

Alison Chew: In our first round of franchising, we included a number of measures to help facilitate SME participation, such as ensuring that we included small and school franchises with low peak vehicle requirements, which were aligned to

the SME market. We also reduced the bid requirements for our small franchises compared to the large ones—we could not significantly simplify them, but we reduced the requirements where we could in order to streamline the process.

We also simplified quite significantly the school franchises and the requirements for those—that was possible because we contract them on a slightly different basis. We also placed restrictions on the number of small and school franchises that could be awarded to a single operator, and we stipulated that large franchise depots—assets that we provide—cannot be used for small and school franchise operations. That helped to create a level playing field across all our different types of franchise. Further, we held specific briefing sessions primarily for SMEs and sessions to guide SMEs through the process.

We felt that we took great action ahead of rolling out our first franchises to ensure that we provided opportunities to SMEs. Unfortunately, we had limited SME participation in that first round. We currently have one SME that operates franchises—it operates some school franchises. However, we will continue to provide the opportunities that I have outlined, such as stipulating the requirements as much as we can and providing briefing sessions, meetings and opportunities that will assist SMEs through the procurement process.

Donald MacKinnon: Thank you for that comprehensive answer. It is concerning to me that, even though it seems that you went to great lengths to design the process to make it as accessible as possible for SMEs, the outcome was not what we would like it to be in terms of their involvement in the delivery of bus services. There is quite a lot to take on board in a Scottish context from what was done in Greater Manchester, and a lot of thinking to be done about what else would need to be done here to deliver a different outcome.

Nick, is there anything that you would like to add with regard to the involvement of SMEs in the delivery of bus services in London?

Nick Owen: We have had a consolidation of operators in London over the years. We probably peaked at about a dozen operators a number of years ago, and they have consolidated somewhat since then.

The individual route model is more attractive to SMEs. We have two on our books at the moment, one of which is relatively new, and we have another onboarding in January. They are able to select very specific routes in locations where they already have operating centres and to bid competitively for them. We have one operator that operates two routes, and another that operates one, and, similar to the example that Alison Chew highlighted, our new operator in January will operate a number of school services for us in their area.

We spend quite a lot of time with SMEs that are interested in the London market and guide them through the process, and we have recently reviewed some of our pre-qualification requirements to ensure that they are not being unduly discriminated against as SMEs when it comes to some of the financial probity stuff that we undertake.

The issue is the size of the package. It is complicated for small companies to mobilise for any of these opportunities, but I think that, if we can show that a success can be made of smaller levels of operation, it will encourage them into the market much more readily. We are really pleased that, as of January, we will have three SMEs on our books, and hopefully we will have more in the future.

Donald MacKinnon: So would you say that an important part of the process is flexibility and the ability to put in place bespoke arrangements to allow SMEs to participate? Is that part of your strategy?

Nick Owen: It is not so much that they are bespoke arrangements; we expect operators to operate to the same high standards as any of London's operators. However, getting into the bus operating game is an expensive business. For a start, we expect our bidders to bid on the basis of electric vehicles, which are expensive capital investments that require some level of backing.

Allowing operators to bid on very small contracts that might require only one or two vehicles gives them the ability to enter the market in a way that, say, picking up a number 10 bus route, which might require £5 million of up-front capital investment before they even start to worry about depot infrastructure and so on, would prevent them from doing.

It is about having flexibility with regard to the packages and the size of the contracts that we are able to offer, and it is also about working with the operators. I will probably repeat this many times in this session, but working with the operators is important to us, and I think that that is especially true with SMEs.

Donald MacKinnon: Thank you, Nick. Do we still have Christopher Cheek with us?

The Convener: We do.

Donald MacKinnon: In that case, I want to ask him a similar question.

Christopher, do you have any reflections on SME involvement that you might be aware of,

particularly in other areas of the country, and on where things have or have not worked well? What should the Scottish Government be taking into consideration as it moves forward?

Christopher Cheek: It is a hugely difficult area, to be honest. The team was very conscious of it when we were writing a commentary on the Welsh franchising proposals. There are great parallels between the deep rural areas of Wales and those in Scotland, and the SME sector is similarly crucial in the way that Margaret Roy described earlier.

I worked in a small coach company for a number of years, and it was one of the more traumatic periods of my life. The difficulty, you have to understand, is that being a very small operator is a hand-to-mouth existence. There are very few staff, so the chances are that whoever works in the office will be out doing the school run in the morning and then off again at 3pm to do another. Things can go wrong, too: if, say, a driver is taken ill, the person in the office will have to go out and drive the bus instead.

The prospect of having to work hard to submit a tender but of perhaps not winning is a pretty powerful disincentive to a small, family-sized operator getting involved at all. That is also true, as Nick Owen suggested, of the requirement for electric vehicles, which comes with the prospect of spending a lot of money on something that operators do not really know about, training maintenance staff and paying for depot infrastructure. Suddenly, what was quite a calm and nice life, apart from the odd crisis, becomes hugely difficult if all that comes with the territory.

Having said that, small and medium-sized operators have been bidding for tendered contracts from local authorities for 40 years because that was one key element of the Transport Act 1985—the other was commercialisation. Huge numbers of small operators got used to the idea of tendering for those contracts, so someone needs to look at the difference between bidding for a tendered contract in a non-franchised area and bidding for a franchised contract and at why one is far more complicated than the other—if it is.

Alison Chew and Nick Owen both spoke about simplification, but tendering authorities are entitled to a degree of reassurance that the contract will be fulfilled for its full life. I know that TFL has faced difficulties in the past when operators became insolvent or, as in one case last year, just walked away at short notice. There are difficulties on all sides, but that is not a disqualification of the franchise model.

Donald MacKinnon: Thank you for those really helpful reflections.

Sticking with the theme of procurement, I will ask about buses themselves. There is ongoing debate here about how public money can be used to support domestic industry, particularly bus building in Scotland as part of bus procurement. I do not necessarily want to go into the detail of that, but I am interested in hearing any reflections on the procurement approaches taken in your own areas. How do you approach domestic sourcing? Are there opportunities to use the tools at your disposal, such as investment or direct procurement, to support UK industry and manufacturing?

That question is for Alison Chew first.

Alison Chew: We have focused on electrifying our bus fleet, and that process was under way before franchising because we had a small number of electric buses operating in the deregulated market. Since franchising, we have begun the process of electrifying the fleet more broadly, and we now have just over 500 electric buses in operation.

As I already said, the operators procure and own those buses, but where we have depot assets we have invested in electric infrastructure for those depots. Those are the assets that we have electrified so far.

Vehicle procurement in Greater Manchester has been operator-led to date and we have seen purchases from Alexander Dennis Limited, Wrightbus and other British companies.

Donald MacKinnon: Do you seek to influence that in any way? Do you have any input into the process? Are there tools at your disposal to encourage procurement in a certain way?

12:00

Alison Chew: We are governed by the law—by regulations—on procurement. When we examine an operator's proposal to procure, we look at whether it meets our standard. We can consider only whether it meets our specification and not necessarily where it is being procured from.

Donald MacKinnon: I put the same question to Nick

Nick Owen: My answer is very similar to Alison Chew's. We procure our fleet entirely through our contracts. We go one step further: we expect the operators to invest in the depot electrification, because they are the asset owner.

There is a slight outlier: we own about 1,000 of the vehicles that operate on our network. TFL bought the new Routemaster and leased back to the operators. I know that various conversations are ongoing on the use of that model. We regularly review our contractual model to ensure that we are

achieving best value for London taxpayers, and one thing that is being considered is a model under which TFL would seek to buy capital assets in the future and lease them back, which is not something we are doing at present.

Similarly to Alison, we set a clear specification for the vehicles we buy. We type-approve the vehicles against the specification, and it is entirely for the operators to determine where they place their orders.

Donald MacKinnon: Is anything taken into consideration in the process to support domestic manufacturing?

Nick Owen: Similar to Manchester, procurement law does not really allow us to do that as it stands, but we continually review whether there is a way to achieve that.

Donald MacKinnon: From a policy perspective, would you like to do that?

Nick Owen: The mayor would certainly like us to do that. There is challenge around the quality and the cost of the vehicles. I think that our operators would like to buy UK buses if at all possible, because of the supply chain and the support that is available to them. There is an open market for UK operators in London, and it is about ensuring that the product is competitive in that market.

Donald MacKinnon: Finally, Christopher, do you have anything to add?

Christopher Cheek: Yes. I will make two points.

First, I touched on an interesting point in the international franchising section of my written submission. Both academic work and the Organisation for Economic Co-operation and Development forum clearly recommend that the tendering authority own the vehicles and depots, as this encourages greater competition for contracts. That should be taken into account.

However, there are risks to adopting that approach, particularly in relation to fiscal policy, as the Treasury could say, "You've reached your borrowing limit, chaps", and suddenly you have a fleet of 50 vehicles to replace next year but you cannot do so because you have not got the money. There are points to consider on both sides.

The National Bus Company experienced that. In most years of its existence, the average fleet age went up, because the corporation was not allowed to spend the capital necessary to replace it. I am sure that the Scottish Bus Group went through the same experience in the 1970s.

The other thing to watch out for is the closing down of competition. In this country, we experienced a situation in which one major manufacturer was allowed to acquire a virtual monopoly over chassis manufacturing, with disastrous results. International competitors eventually came in and took over the market. There are risks in giving domestic manufacturers too many advantages, lest that leads to complacency and poor quality.

The Convener: Your informative answers are incredibly helpful for us today, so we really appreciate your time on this. I will now bring in Iris Duane.

Iris Duane: I will ask significantly fewer questions than my colleagues.

I will direct my questions to Alison Chew. As someone who grew up in a rural area just outside Greater Manchester, I cannot imagine just how much change the Bee Network is already bringing to many people's lives. I have been following its successes very closely.

Will you outline the set-up costs that were associated with the Bee Network? Did you come across any unexpected hurdles when it came to the amount of money that you were putting into it?

Alison Chew: We had a transition budget of £134.5 million in relation to set-up costs. That was our agreed position on the cost of the transition, and it was funded from a number of different sources.

We had earn-back funds from our devolution agreement in Greater Manchester, mayoral precept contribution and local authority contributions, as well as some existing and forecast business rates. A mix of funding sources made up that £134 million, which covered our set-up costs.

That covered the purchase of the depots that we acquired and the full cost of the transition to a franchise network. It also covered a number of operational costs that came about during that period, up to and including the final year of the transition, as well as some of our business as usual operational costs within our authority. We also included within that an allocation that allowed us to respond to any risks that emerged as we were transitioning.

We delivered and transitioned to franchise on time and in that budget. On unexpected costs, we were able to accommodate and respond to anything that arose during that period within that budget, which was funded in those various ways.

Iris Duane: That is helpful. I am not sure whether you watched the evidence from the previous panel, but we have not yet costed what this approach might mean for us. It is good to hear how you went through the process and about the buffer that you gave yourselves.

While you were in that process, how did you ensure that the transition between the former, deregulated network and the Bee Network did not disrupt customers and consumers and, as a second part to that question, the workers who were already in the system?

Alison Chew: In relation to the customers who were using the network, we chose to franchise the network pretty much as it was. We did not make significant changes to the network in relation to the services that were operating in the deregulated environment versus the franchised environment beyond a number of small improvements that we were able to make. For example, we introduced some services operating slightly earlier or later and some better connections at rail stations.

From the customer perspective, we did not make any wholesale changes to the network. We were very keen that a customer who caught a bus the day before it was franchised was able to catch the same bus the following day, and would really see no difference in the service that they were experiencing.

However, we layered on top of that a number of things that would benefit the customer. I have talked previously about the app and about the joining together that we did in becoming a central hub and contact point for customers in order to simplify their understanding of who they should contact if they have a problem.

From a customer perspective, we wanted to make the transition as smooth as possible and avoid any risk to them experiencing the service in the best way. It was similar in relation to the workforce. The workforce has been an important part of our process to franchising, and it has been about ensuring that there has been continuity and general smoothness as that transitioned. Keeping the experience as stable and as consistent as possible has been a key aim, and it continues to be an aim throughout any transition that happens between operators.

Iris Duane: This will be my final question, convener, because I am aware of time.

You said in relation to the transition that customers could come back one day and the network would be franchised, but they could get the same bus. A big issue that is contributing to a lot of our constituents pushing for franchising, especially in rural areas, is the improvement of bus services. How did you communicate to consumers that things would get better? Have you set specific timelines saying that, “You will have X number of buses by Y time,” to the customers in Greater Manchester?

Alison Chew: We communicated ahead of franchising starting that our ambition was simply to transfer the network largely as it was, although we said that we would undertake a process of reviewing the network once it was franchised. We needed to understand the network that was becoming franchised, and we needed data from the network. We needed to understand what was happening once we had control of it through our franchise agreements.

We have made a number of changes since franchising commenced. In September this year we made our biggest lot of changes through a process that we have implemented around network development. We made 36 changes to the network, and we now have more night services operating. We have increased frequencies and connectivity. Three new bus routes were introduced in September.

We have taken a staged approach, understanding the network that we now have control of, but also engaging and talking. We have dedicated teams who talk to community groups, local authorities and customers—the people who use the network—to understand the changes that they want to see. We are very customer focused, but also data focused regarding the changes that we have made. We were clear at the start that we wanted to make changes that would have the biggest benefit for all of Greater Manchester.

Iris Duane: I will be down in Manchester in a couple of months, so I am looking forward to testing the Bee Network myself.

The Convener: Thank you, Iris. We move on to questions from Martyn Day.

Martyn Day: You heard our discussion with the previous panel, so you will have a good idea of what I am going to ask you. I asked how community transport should fit into a franchise bus network, and I am interested in how that has actually happened in Manchester and London.

Alison Chew: I will start with the demand-responsive transport that we subsidise as an authority. We have two different types. We have a ring-and-ride service here in Greater Manchester, which supports people with a disability or other eligibility—an age need or other characteristic that requires them to have that service. We also have what we call our local link service, which does not have those same eligibility criteria. It is open to everyone, but it operates in areas of Greater Manchester where the fixed-route network is not as dense.

Those two types of demand-responsive transport are currently not franchised, so they operate with funding and subsidy from ourselves, as the authority. Since franchising commenced, we have launched what we call a neighbourhood transport review of those two services, which is

also considering potential forms of community transport for the future. Initially, we want to address how we can better integrate our two demand-responsive services with the Bee Network and bring them more into the holistic integrated system that we have here. That review is ongoing.

Martyn Day: Thank you—that was a very informative answer.

How has that gone in London, Nick?

Nick Owen: We have a very similar process. We have our own directly operated dial-a-ride service within London, with a team that is responsible for that, along with our taxi card arrangements—which is probably very similar to the services that Alison Chew was talking about.

A number of community transport providers, generally borough based, sit alongside that. They might not be directly subsidised by TFL, but we work closely with them to ensure that that sector of the market is part of our planning. Similarly to what is happening in Manchester, we are undertaking a strategic review around some of our community transport offer to ensure that it meets the current market requirements.

12:15

Martyn Day: Do you have any views to add, Christopher?

Christopher Cheek: Again, with all those things, there is no one-size-fits-all solution because everybody has different problems. I spent 25 very happy years living in the Yorkshire dales, so I know about the difficulties of providing links to rural areas. Now, I am in Sussex and live close to and regularly have chats with the guy who runs Cuckmere Buses, which is a long-standing, successful community bus services operation that links villages with Eastbourne and Seaford.

Cuckmere Buses has a very different model, and it seems to me that one of the key differences in community transport is whether the drivers are paid or whether they are volunteers. When the drivers are paid, the economics of community transport are not that different from those of running a conventional bus service in the sense that, for both, about 40 per cent of the cost of operation is the driver. If you can run a volunteer-based system successfully, as Cuckmere Buses does, then you have a very exciting prospect. However, everybody knows that the process of recruiting sufficient numbers of volunteers has become much more difficult for a lot of voluntary organisations, particularly since Covid.

As Alison Chew—and, indeed, Jamie Ross from Strathclyde in the previous session—suggested, the solution would appear to be to leave community transport out of the immediate franchise system but to integrate it as far as possible, using it as a feeder service or whatever. Again, it will change and be different between different areas of the country, particularly with your rural challenges in Scotland.

Martyn Day: Thank you for that. I move to bus priority. Although it is probably a bit different for the cities from how it is across Scotland, I am keen to know what lessons have been learned about the forms of bus priority that have worked best for you, and how they fit with the franchising model.

Nick Owen: We have similar challenges to the ones that were described in the previous evidence session, because the London road network is divided among, I think, 35 different highway authorities for all the London boroughs, and there is the TFL road network.

We really gained benefit from the strategic signal authority for London—I think that that is what we call it. Transport for London runs every set of traffic lights in London, and we have managed to get real benefits to the bus network through delivering bus priority through traffic signals. It is a huge benefit to be able to use a real-time vehicle location system—which is present on about 2,500 traffic signals or signalised junctions across London—instead of only physical infrastructure to prioritise traffic signals for buses.

I believe that with the level of data that we now have across our bus operations, there is a real place for technology. We are busy replacing what, in the old days, we used to call our split cycle offset optimisation technique—or SCOOT—system with a new cloud-based fusion system that is able to process data in a way that provides real-time changes to traffic signals to support buses.

Equally, we invest heavily in our local implementation plan processes so that the London boroughs are funded directly by TFL to look at bus priority measures, including bus lanes, bus gates and all the things that you would expect. The most effective bus priority measure will be demarcated road space, such as bus lanes and separate infrastructure for buses. There is a great deal to be said around selective vehicle identification signals and the ability to use modern technology to manage flow.

Martyn Day: That is a fascinating concept, which I have not previously encountered. You have got me thinking—how far in advance of a set of traffic lights would that system kick in?

Nick Owen: It would be better not to start me on this, because I could talk for an hour and a half on that subject alone. At the moment, the system works in such a way that a bus talks directly to the

signal controller as it approaches the traffic lights at a junction, which will either stay on green longer in order to allow the bus to go through or will cycle through all the other phases more quickly, so that the green signal comes back on for the bus more quickly.

We estimate that around two thirds of our buses in London should reach a traffic signal on green. If you think about that, it is an incredible number. Very clever people calculate those figures and tell me about them, and I just repeat what they say, but we would be more than happy to share our learnings on signalised bus priority, if that would be of interest to technical people in your organisations.

Martyn Day: You can tell that I am an anorak, because I look forward to seeing that. Thank you for that.

I turn to Alison Chew. Members of the previous panel mentioned the efficiencies that have been achieved in Manchester. Could you expand on that and tell us how bus priority has worked for you?

Alison Chew: Certainly. We have a number of different forms of bus priority across Greater Manchester. Like the organisations that you heard from earlier, we had a focus on bus priority prior to franchising. Franchising has elevated the importance of the highways network. Your previous witnesses talked about that, and I would agree.

We have various forms of priority. As well as bus lanes, we have the traffic signal priority system that Nick Owen mentioned. We have bus priority at certain junctions, and we make road and junction improvements to support buses.

One of the biggest successes that we have had in Greater Manchester with regard to bus priority has been with our guided busway, which we constructed prior to the network being franchised. That stretches from Leigh over in the west of Greater Manchester to the city centre. It is guided for a section and then it has full highway priority as it leads into the city centre. That taught us the importance of a whole-corridor approach in driving improvement.

Vast numbers of people use the service that operates on the guideway. That is a nice problem to have. At peak times, we sometimes cannot meet demand. The guided busway has grown from strength to strength over the years for which it has been in operation, and it is now used by our franchise network. We have seen a high level of modal shift among people who said in the evaluation process that they would previously have used the car. When it comes to the investment that we have made in Greater Manchester, that is one of our success stories. It is definitely something that we are proud of and that we think will go from strength to strength.

That aside, I mentioned traffic signal priority, bus lanes and the interventions that are made by our operational control centre. There are signal strategies that we use on the key route network to support buses day in, day out, where we have control of the signals, and we work in partnership with our highways authorities and all the other responsible bodies. I touched on the fact that our operators are co-located. That general partnership working supports the priority that buses get across the network.

Martyn Day: That is fantastic to hear. How well have you been able to work with the 10 different highways authorities in your area? That must create some issues in relation to full route deliverability.

Alison Chew: We work very closely with the highways authorities. We have a highways team at TFGM that works with them, but we also work closely with them on project delivery and the bus infrastructure improvements that we make. We have good working relationships across all 10 highways authorities.

Martyn Day: I am not trying to trip you up but, given the involvement of different authorities, do you have any issues with delays, when one authority holds up a scheme across the city, or have you been able to get around that issue?

Alison Chew: We work closely together if problems arise. We have joint project groups and, if a route goes through more than one authority area, we have steering groups that involve the right people at the right level to try to unblock any problems that may occur. I chair one of those groups, and members of my team chair a number of them. Project delivery happens in those groups, which allows us to understand any issues or risks and work together to resolve them.

Martyn Day: Finally, I would like to hear Christopher Cheek's thoughts on those issues.

Christopher Cheek: I have two thoughts. First, I do not disagree with anything that Nick Owen and Alison Chew said. To reinforce Alison's point about the success of the Leigh busway, I did a bus speed report for England in the spring—as opposed to the Scotland one that I did last year—and was struck by the ongoing success in Gosport and Fareham, Crawley and Dartford of the eclipse, fastway and fasttrack services. All of those schemes have been going for more than 10 years, and they have all been, and continue to be, transformative in those markets. They are still experiencing patronage and revenue growth 15 to 17 years on from when they first opened. There is a real long-term benefit to be had from that sort of

scheme, where it is appropriate, can be done and the alignment is available.

Secondly, to reinforce Nick Owen's point about traffic signals and technology, at the CPT Scotland conference in October last year, there was an absolutely fascinating presentation from one of the highways team at Glasgow City Council about a test that they had done in which they used artificial intelligence to optimise signals. The council was already giving priority to buses, but AI could do it faster and more reliably. The transformation was remarkable. I think that everybody in the room that day came away really excited about the prospect of extending that to other places. There are huge things that we can do that do not necessarily involve painting white lines on roads.

The more that we can do bus priority like that, the easier it gets, because there is no doubt that bus priority is hugely controversial when it involves the reallocation of road space. I speak from a town that does not have one inch of bus lane at the moment, and every time a bus lane comes within a moment of execution, everybody goes bananas. I am well aware of the political difficulties that implementing such schemes can cause.

Lloyd Melville: Thank you all for the really insightful information that you have given us.

I come on to concessionary fares and fare caps. You will be aware that the Scottish Government is rolling out a £2 bus fare cap throughout Scotland. I know that caps have been in place at £2 then £3 in England, and are going back to £2 from next year. I want to focus on the impact of that on patronage in London and Manchester. Chris Cheek, I will come to you later with questions about your submission.

Starting with you, Alison Chew, what has the impact been in Manchester? You quoted a 24 per cent increase in patronage since franchising, which is great, but have you noticed a specific impact of the fare cap?

Alison Chew: To answer that question directly, I think that it is probably slightly early for us to be able to fully disaggregate the things that have driven the growth in patronage, but we are absolutely of the view that keeping fares low in Greater Manchester has contributed to it. Our previous mayor, prior to his becoming Prime Minister, introduced a £2 fare cap before it was introduced nationally in England. That £2 fare cap has been in place consistently in Greater Manchester for a number of years, despite the national fare cap increasing to £3.

We believe that the fare cap has driven patronage growth and made travel affordable, but I cannot provide a figure and say that it has accounted for an X per cent increase. Overall, there has been growth of 24 per cent since franchising was introduced. We believe that the fare cap has contributed to that growth, but it has also been supported by punctuality and the whole package of the Bee Network.

Lloyd Melville: I appreciate that you have done quite a lot in relation to buses, so it is difficult to pick out the effect of the cap.

Nick Owen, do you have any information about the impact of the bus fare cap in London?

Nick Owen: To be honest, we are in a similar position. London fares are set by the mayor and, in setting them, he can take into account the wider economic benefits of bus travel and of keeping it affordable. We have never reached a £2 fare cap in London; our fare cap has been frozen at £1.75 for the past three years. Recently, it increased to £1.85 for a two-bus journey—if you board two vehicles within a fixed period, your maximum fare for that journey is £1.85.

There are well-trodden DFT statistics on demand elasticities in relation to bus fares. We are certain that holding down fares has driven passenger growth and has been of economic benefit to the wider London economy.

Lloyd Melville: Is it your view that Government intervention to keep fares low is a good thing for bus patronage?

Nick Owen: Absolutely. It has certainly driven bus growth in London over the years. When considering the challenges with patronage at the moment, we estimate that our fares policy has had a positive, rather than a negative, impact on patronage.

Lloyd Melville: Alison Chew, I take it that you agree with that assessment.

Alison Chew: Yes. I have just remembered that we have some survey results. We discovered that 5 per cent of people who were using the £2 single ticket or the £5 day ticket in Greater Manchester had not previously travelled by bus in GM. Our £2 fare is now a hopper fare, which allows people to hop between as many buses as they need within an hour. We did not have that in Greater Manchester before franchising. Therefore, I absolutely agree with what has been said.

Lloyd Melville: That sounds very interesting. Like others, I must have a trip down to Manchester to have a go on some of your buses.

Chris Cheek, in your written submission, at paragraph 5.2.4, you suggest that the risk of holding down fares is that the Government, in effect, writes a "blank cheque" to private bus operators. You say that the subsidy bill rose by 40 per cent between the late 1970s and the early

1980s. How can the Government best guard against writing a blank cheque?

Christopher Cheek: In the end, I do not think that it can. The fact is that costs rise. The history of bus industry costs shows that they generally rise more quickly than inflation, but, when the Treasury sets spending limits, it always says that there cannot be an annual increase greater than the consumer prices index figure, so there is a problem immediately. Lots of bus priority will bring costs down and more patronage should boost revenues, so we always need to strike a balance between all these things.

However, in principle, it seems unwise to fix fares in cash terms, because, at some point five, six, seven, eight, nine or 10 years down the line, there will be a crisis in how to fund the system. We will then get back into the old cycle of cutting services and increasing fares by astronomical amounts, as happened in South Yorkshire in 1985, with the situation becoming unsustainable.

That is a fear and a risk. It is particularly difficult in the wider context, within transport, of the fiscal challenges that the Governments in Edinburgh and at Westminster face.

Lloyd Melville: The £2 fare cap, which I welcome, is just one leg of the journey that the Government is trying to make to get more people on to buses. If we can do that and get better services, they will become far more attractive for people and, therefore, pay for themselves in the end.

The Convener: If the witnesses will forgive me, I will keep them a few minutes longer. I have a few other questions.

Alison Chew, I am keen to know how, in the pre-franchising period, you managed to avoid what happened in the West Midlands, where there was a derisking regulatory freeze, in which one of the bus companies pulled out and the transport bodies had to step in.

Alison Chew: Our market of bus operators in Greater Manchester was different from that in the West Midlands. At one point before franchising—not in the immediate pre-franchising period—we had more than 30 bus operators, which was a significant number of operators.

To ensure the stability of the service in that pre-franchising period, within Transport for Greater Manchester, we had teams of people who were dedicated to the new franchise arrangements, the deregulated, pre-franchised commercial services and the services that we were still subsidising. We had a management approach that ensured a focus on that and kept up arrangements and dialogue with all our operators in GM in that period.

We transitioned over the course of just over two years, which meant that there was a period in which we managed and operated two different models. Through that period, our key aim was to ensure continuity and stabilisation of the network, so we ensured that we kept our approach to subsidising services where there was a need to and where any deregistration of services occurred.

The Convener: You also said that you had a set-up cost of £134 million. What is the annual budget?

Alison Chew: The annual budget—the amount that we spend on bus services—is in the region of £225 million. That is the current figure for the funding requirement.

The Convener: Is the bus cap separate? Is it paid for nationally or at a regional level?

Alison Chew: I am perhaps better coming back to you with more detail about that, if that is okay.

The Convener: That is okay. I am intrigued by what makes up that £225 million so, if you could get back to us, that would be helpful.

You said that you initially had a low take-up from SMEs. What happened to those companies? Did they disappear or get other work? In other words, are you able to bring them back in future iterations?

Alison Chew: The market was already consolidating in Greater Manchester in the pre-franchising period—Nick Owen also referred to that happening in London. We experienced a number of bus operators going out of business for different reasons in the years before we franchised.

A number of those SMEs that operated our subsidised services are also coach operators. They still have businesses operating in Greater Manchester. The SME that operates some of our franchised school services is based in one of our neighbouring authorities but operates services in, and has a depot that operates into, Greater Manchester.

There is still an SME market. The SMEs are often doing different things, such as coach operations and private hire work.

The Convener: My good friends George and Fraser run the bus company Moffat & Williamson from a portacabin—it is not a particularly attractive portacabin—off the A92 in Fife, so I relate completely to Christopher Cheek's experiences of SMEs. SMEs do an outstanding job. We need to ensure that they are protected as we progress.

I am sorry to have kept the witnesses a little bit longer than intended but I appreciate their advice and support with the inquiry. I hope that we can

lean on them again as we progress it. We will come back to it roughly once a month for pre-legislative scrutiny. I hope that the witnesses will watch our proceedings—although perhaps not every minute of them—and contribute as they feel appropriate. That would be helpful. I thank them very much for their time. Their evidence was incredibly informative.

We move into private to discuss the evidence that we gathered today.

12:41

Meeting continued in private until 13:07.

This is a draft *Official Report* and is subject to correction between publication and archiving, which will take place no later than 35 working days after the date of the meeting. The most up-to-date version is available here: https://www.parliament.scot/chamber-and-committees/official-report

Members and other meeting participants who wish to suggest corrections to their contributions should contact the Official Report.

Official Report
Room T2.20
Scottish Parliament
Edinburgh
EH99 1SP

Email: official.report@parliament.scot
Telephone: 0131 348 5447

The deadline for corrections to this edition is 20 working days after the date of publication.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000
Textphone: 0800 092 7100
Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba