

LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

Tuesday 28 September 2004

Session 2

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LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

20th Meeting 2004, Session 2

CONVENER

*Bristow Muldoon (Livingston) (Lab)

DEPUTY CONVENER

*Bruce Crawford (Mid Scotland and Fife) (SNP)

COMMITTEE MEMBERS

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

Dr Sylvia Jackson (Stirling) (Lab)

*Michael McMahon (Hamilton North and Bellshill) (Lab)

*Paul Martin (Glasgow Springburn) (Lab)

*David Mundell (South of Scotland) (Con)

*Tommy Sheridan (Glasgow) (SSP)

Iain Smith (North East Fife) (LD)

COMMITTEE SUBSTITUTES

Bill Butler (Glasgow Anniesland) (Lab)

Colin Fox (Lothians) (SSP)

Mr Kenny MacAskill (Lothians) (SNP)

Mr Brian Monteith (Mid Scotland and Fife) (Con)

John Farquhar Munro (Ross, Skye and Inverness West) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Pauline McNeill (Glasgow Kelvin) (Lab)

THE FOLLOWING GAVE EVIDENCE:

Gordon Dewar (FirstGroup plc)

Rodney Dickinson (FirstGroup plc)

Douglas Ferguson (Strathclyde Passenger Transport)

Iain Greenshields (Glasgow City Council)

George Heaney (Strathclyde Passenger Transport)

Andy Preece (National Federation of Bus Users)

Brian Souter (Stagecoach Group plc)

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Alastair Macfie

ASSISTANT CLERK

Euan Donald

LOCATION

Moir Hall, Glasgow

Scottish Parliament

Local Government and Transport Committee

Tuesday 28 September 2004

[THE CONVENER *opened the meeting at 09:39*]

Interests

The Convener (Bristow Muldoon): I call the meeting to order. Before we get into the main part of the meeting, which is consideration of the impact that the Transport (Scotland) Act 2001 has had on bus services in Scotland, we will deal with the new members who have been appointed to the Local Government and Transport Committee. One of those new members is Bruce Crawford. I welcome Bruce to the committee and thank Andrew Welsh for the excellent service that he gave to the committee since the election. At this point, I ask Bruce Crawford whether he has any relevant interests.

Bruce Crawford (Mid Scotland and Fife) (SNP): No, I have no relevant interests to declare, thank you.

Deputy Convener

09:40

The Convener: The next item is associated with the previous one in that Andrew Welsh was the previous deputy convener of the committee, so we must appoint a new deputy convener. That position on the Local Government and Transport Committee has been allocated to the Scottish National Party. I understand that the SNP has decided to nominate Bruce Crawford as the deputy convener. Is the committee agreed that Bruce Crawford be chosen as deputy convener?

Members *indicated agreement.*

Bruce Crawford was chosen as deputy convener.

The Convener: Congratulations, Bruce. I look forward to working for you—I mean with you—in the period ahead.

Transport (Scotland) Act 2001 Inquiry

09:41

The Convener: The Local Government and Transport Committee has come to Glasgow today because we decided to review the way in which the Transport (Scotland) Act 2001 is operating and to find out whether it is having a positive impact on bus services throughout Scotland. We particularly wanted to examine bus quality partnerships and quality contracts in order to ascertain why there has been very little progress on their implementation. We want to know whether that is due to deficiencies in the legislation and whether further reform is necessary to improve the way in which bus services operate in Scotland.

As part of today's formal committee meeting we will hear from Brian Souter of Stagecoach Group plc and from representatives of FirstGroup plc and Strathclyde Passenger Transport. Later today, we will have a public participation session, for which I hope many members of the public will stay to take part. I know that there are many other people apart from those in the public gallery who will take part. Anyone who is here and who wants to take part in that session should make themselves known to Scottish Parliament staff so that we can record your name and allow you to take part.

Our first witness is Brian Souter, who is chief executive of Stagecoach. I invite you to make some introductory remarks, after which members will ask questions.

Brian Souter (Stagecoach Group plc): One of the reasons why I came along today is that I think that the Transport (Scotland) Act 2001 has had a significant effect on our company and there have been some positive developments since its enactment. We also believe that there is great potential to follow up on quality partnerships and to develop the networks even more.

In our submission, we draw attention to several things that we have experienced that are worth sharing. We also draw attention to some project work that we have been doing during the period since enactment. In our experience, the extension of the concession scheme has been a big stimulus to growth. It has been embraced by passengers and there has, particularly in the provincial part of our network, been a modal shift from private cars because people have bus passes. The concession scheme has had a positive environmental effect and a positive social inclusion impact.

We believe that, as a bang for the buck, the concession scheme has been one of the best uses of public money in public transport, and we

recommend that the scheme be followed in England. The only drawback to the scheme is that it is fractionalised and is not a national scheme, but we understand that work is being done on that at the moment; we encourage the completion of that work.

We have also experienced full-fare-paying passenger growth, which is very encouraging. That is particularly true of Stagecoach Western, into which we have put about 30 additional buses—in fact, I think it was more like 40 or 45 additional buses by the time we finished. There has been very strong passenger growth there, and it is continuing. We have been surprised at the strength of the growth: last year it was 10 per cent and growth continues at 3 to 4 per cent on top of that. As a result, cumulative growth has been very strong and has been bolstered by new investment in some of our key corridors.

There has also been very strong growth in our provincial network. For example, in Fife, where we already had a free scheme, we had passenger growth of about 1 or 2 per cent. That is good, because historically that network was in decline. We are greatly encouraged by the pattern of usage. There has also been very strong growth in Stagecoach Bluebird.

09:45

We have initiated quite a number of experiments. For example, with our kick start project, we relaunched a service with saturation marketing and followed it up with sophisticated marketing. We phoned non-users and offered them a week's free travel to try out the services. After four years of the project, there has been more than 75 per cent passenger growth on a service in Perth alone. That quite exceptional and remarkable result leads us to believe that, if we profile the service properly and use kick start, we can have very strong passenger growth. We have lobbied the Executive on the project and are pleased that it has adopted it. Indeed, the Executive is evaluating a number of schemes just now. I think that kick start marks the way forward.

I am really quite excited about the Scottish scene. After all, the level of bus usage is higher in Scotland than it is anywhere else in Britain. That means that we start with a strong core market into which we can introduce other good measures, such as the Executive's concession scheme. I see it very much as a partnership: if the Parliament puts the right policies in place and the private companies can pick up and run with the ball, we can do something unique in Scotland and grow things very quickly.

I am encouraged by the political attitude. Devolution has been good for the bus companies,

because specifically Scottish policy means that we can perhaps run faster here than we can in the rest of the United Kingdom. Indeed, I am here today partly because I think that what Parliament has done to date has been very good and I feel that there is tremendous potential.

As for our other experiments, we are evaluating a new electric bus, which demonstrates our environmental awareness and our keenness to develop new technology, and we have also trialled a taxibus in Dunfermline. We have spent £2 million on research and development in the past year and will publish the results of those projects because we think that they will be of wider interest and that they show good potential.

The megabus.com website has been very popular in Scotland and has produced some fascinating results. We discovered that 35 per cent of bus users are new; they have left their cars behind and are trying public transport for the first time. In Perth, we found that people were booking seats on the web, driving to our park-and-ride facility, which until then had been used only for going into the town, and then travelling to Edinburgh and Glasgow. We picked up on this idea through our business in the United States, where we have commercial park-and-ride facilities and where people travel very long distances into New York. We think that we can move the park-and-ride cordon much further out and get people to use long-distance park and ride, which would save a lot more miles for the environment and get people out of their cars much sooner. All those measures are very interesting and have great potential. We believe that the Executive's policies so far have been very positive.

On the question of why more partnerships do not exist, the answer is that it takes time to establish them. Moreover, we do not have an official partnership in some areas where the best progress has been made. That does not mean to say that we are not involved in partnerships; in some county areas, the policies are being implemented, but there are just not enough people formally to write up a partnership. Instead of writing about such things, we are simply doing them. Members should get the measure of that; after all, it is more important that we do these things than it is to write about them. A long partnership agreement might read wonderfully, but that does not mean much unless it is working on the ground. More is happening on the ground than people think, especially in the county areas where there are no ideological barriers to just getting on and doing things. We are making quite good progress in that respect.

On the quality partnership front, I should say that it can take a wee bit longer to see the fruits of those partnerships come through. We are working

on a lot of schemes at the moment. One of them—kick start—has tremendous potential in Scotland; some good results will follow on that front. We need to put more effort into making the quality partnerships work. Bus priority measures are absolutely fundamental to the success of those partnerships; we need them to achieve the modal shift. We need more impetus on the issue of allocation of road space because that impetus affects how schemes are built up and how they get through. Our experience in the country has been that sometimes the schemes take quite a while to progress; we need to get more energy and ideas in behind them.

I turn to the question of where we see things going in the future. This morning, we were out early looking at potential park-and-ride sites in Ayrshire. As a company, what we would like to do next is look into the scope that exists for us to build and own park-and-ride sites—we want to develop them on our best bus routes. We have seen that development take place in other places, so we want to work with local authorities to get planning consents and we want to agree with the transport policy people on the best places to put such sites. We are prepared to put private capital into some of those sites to try to make them work.

In Ayrshire, we are examining whether we can get people out of their cars earlier in their journey time; for example, we are looking at motorway sites for park and ride on the outskirts of Kilmarnock. At peak times, the frequency of our services coming into Glasgow from Ayrshire is every 10 minutes. We are running double-deck coaches and articulated coaches and have made a big investment in our product. If we could get people to park their cars earlier in their journeys, we could get them on the bus for 25 miles rather than just for 5 miles.

The local authorities need to help us. One practical example is the bus lane that we desperately need on the route into Glasgow towards the Kingston bridge and in the run-up to the bridge. We are also working with Aberdeenshire Council on a scheme that would develop park-and-ride facilities at Ellon and we are working on a scheme in Inverness and on further sites in Perth. We have positive relationships with councils and are looking to do more such work in Fife.

We are also looking at the use of our river estuaries, which we think are a great but underutilised asset. There is tremendous scope for fast ferry routes—definitely on the Forth and possibly on the Clyde. Those are the sort of research and development projects that we are considering for the future.

The only cloud on the horizon is the prospect of moving back to a prescriptive way of dealing with

public transport, because we could lose all the enterprise and innovation initiatives. It is important that we have a system that allows and encourages enterprise and in which new products can be developed. We would not have been able to do any of the projects that I have described without the flexibility that exists in the present system. We counsel against a more prescriptive approach being taken to public transport.

My final comment is to say that bus transport is a big industry in Scotland. Two of the UK's largest transportation companies—FirstGroup and Stagecoach—are Scottish companies that are based in Scotland and 40 per cent of the buses are manufactured in Scotland. Bus transport is an important area of our economy: we have the expertise and we can make it work for our people. We have a lead on other parts of Europe and are at the cutting edge in terms of the companies that are involved in the sector and in terms of Executive policy.

We managed to salvage TransBus International Ltd and retain the majority of jobs in Falkirk. Bus transport is an area that we should as a nation develop in the future. We have expertise that we export, so it is important that we keep Scotland at the forefront of public transport developments.

The Convener: Thank you for those comprehensive introductory remarks.

Michael McMahon (Hamilton North and Bellshill) (Lab): Thank you for your evidence, which was enlightening. In your written evidence to us, you say that service reliability and punctuality are the most important factors. I assume that they are very high priorities, but we were in Stranraer last week and heard about availability being a high priority. Will you comment on the difference between what you say and what we heard from the public?

Brian Souter: There is no doubt that that is correct. I always say to our people that there is nothing worse than standing at a bus stop and wondering when the bus will come; there is nothing more destructive for us as a business than buses not running to time. That gives rise to a twofold responsibility. First, there is a responsibility on us at the bus company to ensure that our schedules are sensible and attainable, that they can be driven safely and that we build in enough recovery time. However, the second element, which is to do with congestion and road space, is not within our control, and it is on that point that we feel that quality partnerships could provide more help, and that we could do with more schemes. There is no doubt that traffic congestion is becoming a bigger and bigger problem in Scotland, and we have had to put extra resources into many of our bus services to maintain our running times and headways. That is expensive,

but we have to do it every year. However, if we can get bus priority measures, we can often offer increased frequency and an improved timetable with the same amount of resources. That is fundamental for our customers.

The Convener: In your introductory remarks, you mentioned your proposal for a bus lane on the approach to the Kingston bridge. In other parts of Scotland, consideration is being given to whether we could allocate bus space on trunk roads and motorways. What sort of response have you had to your idea to date?

Brian Souter: I have raised the idea at senior level and have had a positive response to it, but one of the problems is the length of time that it takes to do anything, despite the response being positive. One of the reasons why we were enthusiastic about kick start is that it says that, rather than wait for the local authority to come up with plans, we should listen to what companies can come up with. They would be market-driven solutions—the companies come up with ideas and suggestions and the politicians pick the ones that they want. That would be a way to get things going more quickly.

The problem with what we are talking about is not that there is a lack of willingness to do it, but that it takes such a long time to put anything in place. We are, in 2004, seeing some of the first fruits of a policy that was introduced in 2001. The concession scheme had an immediate effect, and the kick start scheme can have a fast effect, which is why we encourage you to run with it. Bus priority measures take a lot longer, because we have to negotiate with the roads departments and work out where to put such measures. It is not that there is a lack of willingness, but that the process always takes longer than we want it to.

It would be good if there was some way in which we could fast-track some schemes, but I am not sure how we would get through the matrix of departments and responsibilities to do that. I never sense a lack of willingness on the part of local government politicians to introduce such measures, but the problem is to get action on such matters and delivery of the schemes. There can also be a lot of local resistance to schemes.

Michael McMahon: You said that de facto partnerships are in place. I can understand the operator's point of view and even the local government point of view that such partnerships would cut down on bureaucracy, but there is nothing in writing in such cases that would allow users to test or challenge what is provided by the operators and by those whom they elect to ensure that transport is given priority. Can you see that, from the users' point of view, it would be useful to have quality partnerships so that they know

exactly what to expect and can ask for more if what is on offer is not acceptable to them?

10:00

Brian Souter: We must not underestimate how sophisticated our users are. If somebody asked me where I got some of my ideas from, I used to say that they were from my wife's cousin, who was a bus user, which was true.

The key point is that we are listening to our passengers. A quality partnership does not necessarily mean additional input by customers; that depends on how the scheme works and on whether it involves consultation. Sometimes a quality partnership is just between a local authority and a company, so representation may come through the local authority's political process. Customer input is not always built into a quality partnership—sometimes it is and sometimes it is not.

The key issue is that we must be sensitive to our customers' needs. The company can be good at that; we are not doing the job right if we do not listen to our passengers. It is good to put such partnerships in writing—we are not against that—but in some places where we have moved quickly, we do not have in place formal quality partnerships. In some places, we have put in place a written quality partnership after the event.

The key requirement is a positive relationship between the local authority and the bus company. We are developing that aspect strongly in all the places in which we operate. We have good relationships. We do not always agree with local authorities, but we find that mutual interests are much greater than conflicting interests.

Paul Martin (Glasgow Springburn) (Lab): I will follow up a point that Michael McMahon made by asking about bus priority lanes. In my experience, we sometimes allow bus companies to develop bus priority lanes at the expense of outer parts of a city. In the north of Glasgow, we see bus operators prioritising the city centre as a result of the creation of bus lanes, which have been significantly developed. However, that has happened to the detriment of the outer parts. Do you agree that companies must take the good with the bad? We should allow them to develop bus priority lanes, but they should also serve the outer parts of Glasgow.

Brian Souter: It is difficult to answer without knowing the specifics. I do not know whether you mean that bus use is funnelled on to bus lanes and that crosstown routes become less profitable. That is an issue in several places.

The situation depends on decisions about how to serve other traffic flows, which is often an issue

for local companies. We have some operations in Glasgow, but we do not operate in the area that you are thinking about. However, I know that we try to use smaller buses for some flows in order to maintain frequency on them. It is important to do that and to keep such connections in place for people.

Intelligent bus use is the issue. I do not know whether members saw the advert in which a guy—he is the chief executive of Daimler-Benz—leaves his house and walks past his Mercedes 500 to take a tramcar and then walk into his office. That advert says that people who own such cars should know when to use them. Persuading people to use the bus with bus lanes and heavy corridor development—generating modal shift—is almost a separate issue from some of the secondary flows. They should not be neglected, but we need to think more innovatively about how we service them.

For the development of a town centre, a bus lane is good and brings in additional people. When people are willing to leave their cars and take the bus because it is fast and frequent, we will achieve modal shift and we will improve the quality of life in our town centres. However, you are right that we need to think about the best way to provide for ancillary flows.

Paul Martin: You mentioned that Stagecoach does not operate in several areas of Glasgow. Do FirstGroup and Stagecoach have an informal arrangement not to operate at the same level in the same parts of Glasgow? Competition in the bus industry is good. Competition should be welcomed in Glasgow, but do you share my perception that we do not see competition between Stagecoach and FirstGroup at the level that it should reach?

Brian Souter: There are two aspects to that question. I can certainly answer the first part: there is no informal arrangement. The history of the situation is that Stagecoach came into Glasgow—we had been in Glasgow before and we are back there again. We think that Glasgow is an exciting market and that there is scope for two products on many of the corridors in the city. As you know, we compete in Glasgow on the corridors on which there are more than about 25 buses an hour. We find that on those very heavy corridors we can make a living as a secondary operator—you will also know that we are not the primary operator in Glasgow.

We believe that some of the ancillary flows do not offer enough of a living for two operators. The reason why we do not operate in some places is that we do not think that there is enough scope, enough patronage or enough potential for us to be there. If we thought that we could have a bigger operation in Glasgow, we would do so; indeed, we

would like to have a bigger operation in Glasgow. We operate on the key corridors, where we think that we can make a living. It is not that we have not tried in other places—we have failed in quite a number of places. The evidence suggests that the market is working to an extent and that, where there are heavy flows of passengers, customer choice exists.

I am a great believer in customer choice. It is good for us and for the customer and it is to be welcomed. Such choice has not always been welcomed. In spite of the results of the original inquiry into the takeover of Strathclyde Buses by FirstGroup, a political decision was made to overturn the Monopolies and Mergers Commission's recommendation, which was that a depot be sold. The MMC considered that to be the best way of sustaining competition in Glasgow. We agreed with that conclusion, but it was overturned by the politicians. The present situation arises from the decision that was taken at that time. If the MMC's recommendation had been followed, people would have had more choice, but there was enormous political support for the decision that was made at the time.

Tommy Sheridan (Glasgow) (SSP): I apologise for missing some of your earlier remarks and I am sorry if you have already covered some of my questions; I was at a picket line in Easterhouse and the traffic on the way here was extremely bad.

Last week in Stranraer, we took evidence from a private operator about the standard of its operations and some members were a bit alarmed about the evidence that we received on employment contracts, wage rates, staff turnover and profit levels. What is the situation in your company? Does your work force of 2,500 people consist of permanent staff or is it a mixture of permanent and temporary staff? Are the wage rates above average or below average? What is your turnover and what are your profit margins?

Brian Souter: I do not think that profit is necessarily relevant. If a company is being properly run and is successful, it can provide a good living for the staff and a good profit for the shareholders. Our policy is to pay a premium on the market rate, because we believe that that results in lower staff turnover and better staff. Our company is fully unionised and we have a good relationship with the trade union. We also have the best pension scheme in the industry, which we have continued to sustain and support, in spite of the problems with pension schemes, which have meant that many companies have abandoned them. I have strong views about that; we are committed to supporting a proper pension scheme for our staff for as long as we can. We think that it

is important that people who spend a lifetime in the industry should be able to retire properly.

Standards are very important. We do not have as high a turnover as some of the smaller private operators. To some extent, quality issues are also involved in the tender system. The tender is always—or normally—awarded on the lowest-cost basis. That means that there is not much incentive for some of the smaller operators to pay better wages, put their people into pension schemes, provide uniforms and so forth, which is unfortunate. If the tender system were to be based on quality issues, we would get a better quality of bus service.

Our profits in Scotland vary from company to company. We like to make a 15 per cent profit on our sales. We feel that, if we do that, we have adequate funds for replacement vehicles, which is a big issue for us, as we have to consider the cost of new vehicles and depreciation issues. We feel that 15 per cent gives a fair return on capital and a good amount for investment. We are very strong on bus investment. Our fleet has a relatively low average age. We think that that is also important from a customer's point of view.

Funnily enough, it costs more to run a bad company than it does to run a good one. We find that if we maintain high engineering standards, have good-quality managers and pay a slight premium on the market on the wage front, it is possible to run a better and more profitable company than if one tries to nickel and dime.

Tommy Sheridan: By your own admission, Stagecoach deployed predatory pricing policies on certain routes in the past, particularly in the early years of the company. You undercut companies to get routes, only to put prices back up again after the smaller companies were no longer able to compete. Does that practice still take place?

Brian Souter: If predatory pricing was taking place, it would be reported to the Office of Fair Trading. I do not remember that we ever said that we were guilty of that practice, but we have always been cognisant of reports that said that we were guilty of it.

We have always felt that this is a difficult tightrope to walk. One tends to find competition only on the high-volume and most profitable routes and that it tends to come from operators that offer a poorer quality of service. Most of the operators that were in competition with us and that went out of business did not survive because they were not very good businessmen and did not run good-quality services. If they had come into the market with good-quality products, they would have got brand loyalty, kept their passengers and been successful. However, we have not had to deal with

such issues for many years, although we still face some competition.

Competition is good for us: it keeps us on our toes. If people do not face competition, they can get a bit complacent. We have been willing to compete with other big companies, including in Glasgow. As far as we are concerned, in a market economy, if there is an opportunity to compete, generate some traffic and get some business, that is what we will do. As far as those who compete with us are concerned, we will do our best to maintain our brand and hold on to our customers. If we are not giving a good service and someone else comes in, we deserve to lose our customers' patronage.

We are strong on the issue of good discount tickets—our networks always have big discount tickets. A lot of our customers do not have cars and for them the single fare is not always as important as the weekly or unlimited travel ticket. We sell a lot of those tickets, which helps to keep costs down for people. We find that if we provide such tickets, our networks stay sound and we can make a living and pay our people good wages.

Tommy Sheridan: I have two further quick questions. In your submission, you said that you would oppose the reregulation of bus services. Obviously, you have a vested interest in opposing the reregulation of bus services. Your submission claims that there would be no improvements to services

“without the opportunity for bus operators to experiment free from unnecessary regulation and bureaucracy.”

What can a private bus operator do that a publicly owned operator cannot do?

10:15

Brian Souter: I think that you missed the first part of my comments, when I gave a long list of things that we are doing that local authorities would not or could not do. Because we operate in a free market we can experiment with different ideas. We talked about the megabus.com site, the kick start concept and ticketing initiatives. We can develop such initiatives because we operate in a market economy. If we were regulated—

Tommy Sheridan: There is no reason why the initiatives that you mention could not be developed by a local authority.

Brian Souter: Historically, local authorities do not have a record of being entrepreneurs. That is not their role; their role is to define social requirements and set policy. We accept that they should play that role.

The companies in London, which are regulated, make similar profits to the profits that I talked about. As far as the regulation-deregulation

debate goes, if we were regulated we would still operate services and make a profit. However, something would be lost in the transition, because we would return to a prescriptive transport system and the market would not be allowed to operate and identify opportunities. For example, we are able quickly to introduce and try out new services on our express routes. We can develop our own park-and-ride facilities using private capital and we can encourage modal shift as a result. We are currently evaluating an electric bus. Such activity comes out of our research and development budget because we are a private bus company.

We are also an international company that is based in Scotland. We operate electric buses in New Zealand and imported kick start from New Zealand. We picked up the idea for private park-and-ride facilities from New York. Because the system is deregulated we are free to try out such initiatives and to import ideas that were developed elsewhere. If we were to go back to a prescriptive system, that spark, drive and innovation would be lost.

Tommy Sheridan: I will move on, but you did not suggest anything that a local authority could not do. What you describe as a prescriptive transport system might mean a regular bus timetable to someone else.

You said that there is nothing worse than standing at a bus stop wondering when a bus will come. Why has Stagecoach not participated in the bus stop information scheme that SPT has developed? Some 3,400 information cases at bus stops do not contain Stagecoach timetables. It would help someone at a bus stop if they could find out from a timetable when a bus was due.

Brian Souter: I understand that we are negotiating with SPT on the matter. We would like to participate in the scheme. As I explained earlier, we are the secondary carrier on a number of routes and we tend to operate on routes that have high volumes. In Baillieston, for example, a FirstGroup bus runs every four minutes and a Stagecoach bus runs every 10 minutes. Buses operate with similar frequency in Castlemilk. We support the scheme, which is helpful, but people do not look at timetables as much when they are using high-frequency services, because they know the bus numbers and they know that the buses are frequent. Perhaps that is why the scheme has not been a priority for us. However, we support it.

Tommy Sheridan: Do you think that Stagecoach should participate in the scheme and contribute to the 3,400 information cases that SPT erected, to ensure that bus users—

Brian Souter: I am sure that our people are talking to SPT. If that is not happening, it is only because we operate on high-frequency routes.

Wherever we operate, we work with local authorities on the provision of information. We have no issues with that.

The Convener: We should move on, because Bruce Crawford has been waiting to ask questions.

Bruce Crawford: Thank you for coming to this morning's meeting, Mr Souter. It is great that someone like you can do this sort of exercise. I just wish the media had heard some of the more positive comments that you made about the Scottish Parliament earlier on.

I want to have a quick chat about two matters. First, in your introduction, you mentioned taking park-and-ride facilities away from the nub points. I presume that you are referring to places such as the Ferrytoll park and ride across the Forth and the potential development of ferries at Burntisland, Kirkcaldy or wherever. I am encouraged by your comment that you are prepared to invest in your own park-and-ride facilities. However, there might be some problems in acquiring land and finding the right strategic spots to make the whole thing work. Could the forthcoming transport bill make it easier to introduce such changes and the required modal shift?

Brian Souter: That is a good point. I cannot really think of what else we could do to fast-track many of these matters. Similar issues have arisen with bus priority lanes and so forth, and come down to the planning process, getting consents, and the length of time that all that takes. We have only started rolling this idea out. The Ferrytoll park-and-ride scheme has been highly successful; because it is situated on the other side of the Forth road bridge, it stops congestion on the bridge itself. My vision is for park-and-ride facilities at Halbeath and other places. Fife Council has been very supportive of the idea and is willing to put money into it. I believe that we could take such facilities for getting people out of the car and on to the bus further and further out to ensure that people are in the bus lanes before they hit congestion nodes.

You raised a very good point about incentives. After struggling with the matter down south, we think that the only way to tackle it is to set bus-running speed and modal-shift targets for local authorities. However, what reward is there for local authorities that comply with transport policy? The local authority needs to buy into the idea of modal shift in order to fast-track it. The ideal solution would be to give local authorities that delivered the modal shift and transport policy money that could be used for housing, social work or whatever. I know that that would be difficult, but we could benchmark local authorities so that if they were to introduce such policies, make the modal shift and get passenger growth they would be rewarded in

some way. I do not know whether that means that they would get more money to spend.

That said, I hesitate over one aspect of this matter. You have to understand the details of the whole transport thing and be careful not to penalise authorities. For example, Leven in east Fife has chronic social inclusion problems, which has led to declining bus patronage. The local authority and my company have to face the same issues and address the same problems. The authority might have plenty of road space and might be able to create a wonderful set of bus priorities; however, because the retail situation in east Fife is not right, such a step would simply deter existing car-based patronage. Councillors are not stupid; they know about these issues. Edinburgh is a world heritage city and can afford to introduce prescriptive measures for cars, such as increased parking rates, but introducing a similar policy in some provincial towns would kill what was left of their retail trade. As I have said, you must be careful not to penalise authorities that do not have the same things going for them.

We totally support bus schemes and we want them to be implemented, but we have a provincial network and we know that, in some places, if the local authority trebled parking charges and put in bus priority measures, what is left of the retail sector would be chased away. That would not be good for us, because our customers want to shop in good shopping centres.

There are retail issues. We are thinking about park-and-ride facilities, and, down in England, where we have some good bus sites in the middle of towns, we are also thinking about how to help the local authority develop the retail sector through the redevelopment of those sites. In other words, we are beginning to think that, in the long term, the redevelopment of bus sites would provide us with a valuable asset and, if they were developed properly and the right shops came to the towns, that would be much better for the bus company. Even if we get less value from our sites, as it were, it would be much better for us in the long run if we developed in that way.

The issues are complex, but the problem with formulae is that they have to be simple. I have suggested how a formula could be put in place, but you must ensure that you do not penalise local authorities, which, by definition, do not have the same potential to do something with public transport.

Bruce Crawford: Many of the issues that you raise are strategic planning ones. Has Stagecoach been involved with the Executive in trying to shape the new strategic planning process, on which work is on-going? Much of that process will impact on the issues that we are discussing.

Brian Souter: No, we have not been involved in that to any great extent. We are going into a more sophisticated world. In conversations with Fife Council I have said, "Look guys, there is a big issue with the retail sector in Fife and the pattern of bus services." I know that, because patronage of my local bus services in Kirkcaldy is going down, while it is going up on my intertown services to Edinburgh, Glasgow and other places. That tells me that the retail offering in Fife just now is not right. Dialogue with councils on such issues can sometimes be constructive.

Bruce Crawford: You rightly mentioned in your opening statement the significant effect that concessionary fares schemes have had on growth. However, your written evidence states that "compensation received by bus operators for concessionary passengers is actually below the cost of carrying these customers."

What impact is that situation having on bus operators and customers?

Brian Souter: There is an impact on customers because if we got the right reimbursement, we would run the right level of service. The comment in our submission was a generic one and is not true for every area. For instance, in Ayrshire we run an additional cost scheme. When my manager in Ayrshire worked out that he was going to have a lot of extra traffic, he put in a lot of extra services, which was similar to what Ken Livingstone did in London, but my manager did it commercially. We achieved fantastic growth in the number of full-fare paying passengers, to which I referred earlier, and in the number of concessionary passengers.

We highlighted that example in our submission because it shows what we could be doing in other parts of Scotland. Because there are around 16 different schemes, the issue is a minefield, but under the scheme in Ayrshire, if we ran extra buses, we could claim extra costs. Because we are an interurban carrier and run a lot of buses into Glasgow, we had long queues of grannies who were going down to the coast—it was great. We loved it and the folks that used the service enjoyed it enormously. We have a high-quality interurban coach service. The social inclusion benefits were enormous and people enjoyed their days out. My mother-in-law was always off here and there with her pals. The amount of money that those people spent must have been a great boost for local economies. For a small spend, the scheme had a great benefit for people and created an enormous feel-good factor.

In areas where we are not properly reimbursed, we have not been able to provide extra services. If we had proper reimbursement, we would have done what Tom Wileman did in Ayrshire, with similar results. I want to be clear that we have moved on and that most of the issues have been

fixed, although in some places we are still under-reimbursed. If we had a national scheme through which we were properly reimbursed, there would be further growth in bus services. Any businessman wants his business to grow, not decline.

10:30

David Mundell (South of Scotland) (Con): Although we are in Glasgow, I want to ask you about rural services. An issue that came up last week when we were in Stranraer is the sustainability of rural services. We discussed public subsidy for buses that run around empty and the fact that if a bus is run first thing in the morning to take people to work, that does not suit older people who want to go shopping, pick up their pension or whatever. What is the way forward for rural bus services? The current situation generally involves subsidised empty buses.

Brian Souter: I could argue with your definition of rural bus services. We are a rural bus operator in the north of Scotland and we have a profitable company there, with growth in most of the rural bus services. Although there is rural depopulation, there is also rural repopulation. For example, in the area around Inverness our country bus services are growing like Topsy and we are putting in additional services. You define a rural bus service as a service in a thinly populated area. Historically, we have not been able to run on a commercial basis in such areas and there has been an element of support for services. I will use that definition for the purposes of this discussion, although it is to some extent misleading.

There are a couple of ways forward for rural services, but we have never got our act together. First, public transport services already have a presence in the rural community in the form of postal deliveries, the school bus services that are provided by the education departments of local authorities, and the social requirement services that are sometimes provided by a different department. Postbuses are a successful development to some extent, but in some areas post and newspapers go out early enough in the morning for a minibus to turn around and do a trip back in. I hate to use the term "joined-up thinking" because it is so over-used, but we need such thinking about the services that we already provide. We could examine movements and consider dynamic projects; I believe that such services are best provided not from big central locations run by Stagecoach or the Royal Mail but by people who live in the community, who have children and run their kids to school. A dynamic project could take mail delivery, newspaper delivery, travel to school and travel for shopping and try to put it all together.

We graph all the different movements and we make money by joining up all the bits in the graph and sweating a bus all day. If we cannot do that, a service will drop out. If a private operator does one or two such runs, that is fine because that is how the market works. If we took all the movements in a rural community and joined them up, it would be interesting to see how that might look. By moving some elements around, it might be possible to provide a comprehensive service. I believe that that should be done by vehicles with eight seats or fewer because they do not have same amount of regulation.

Secondly, the taxibus project that we ran in Fife is relevant. This is news, but the taxibus project is coming out of its commercial phase. It will have lost money, but we expected it to do that. We will have interesting data about the quantity of extra passengers that it generated. It was used mostly by female passengers, who liked it, and by a lot of new passengers. We will wind the project up, but we are in negotiations with Fife Council because we have worked out that its movement of people with special needs happens between 9 o'clock and 4. The busy times for movements with our commercial taxibus service are from 6 o'clock until 9 and from 4 o'clock until 7. In the next phase of the taxibus service, we will do a joint venture with the public sector and put those services together. We are talking to our friends at Fife Council about how that will work.

It is absolutely not the answer to have a big bus trailing around with three people in it. Community-based solutions that make use of existing movements and local people—mothers could run schemes part time, for example—are worth considering. The use of taxibuses, on a demand-responsive basis, tied in with other special-needs and school movements is also worth considering. We should establish some pilot schemes to take us forward.

The Convener: That brings us to the end of questions. Thank you for your interesting introductory remarks. We have also explored a number of interesting areas in questions.

We move straight to our second panel of witnesses. I welcome representatives of FirstGroup plc: Gordon Dewar, the commercial director of FirstBus; and Rodney Dickinson, the business development director. I invite the witnesses to make some introductory remarks.

Gordon Dewar (FirstGroup plc): I will try to keep our introductory remarks brief. I thank the committee for giving us the opportunity to submit evidence on the Transport (Scotland) Act 2001, especially on its effectiveness in developing the bus market and its contribution to Scotland's economy and society in general.

As requested, in our written evidence we concentrated on two main areas: first, the free concessionary schemes and the Scottish Executive's policies for delivering a national scheme in the future; and secondly, the role and application of the development tools for growing the bus market. I hope that the committee found our comments on those issues reasonably positive.

As Scotland's largest bus operator—from 17 October, we will be its train operator as well—we are committed to working with the Executive and local authorities to deliver the many policies on which there is already a large degree of consensus. Most people already understand the vision—the end game. We are debating the best way in which to get there.

We have now delivered four consecutive years of growth in the bus market. After four decades of decline, it looks like we will sustain that growth. There is a huge amount of evidence that suggests that we are doing many things right. We have a strong commercial bus sector that includes, as Brian Souter mentioned, two of the largest and most successful public transport operators in the world. I reiterate Brian Souter's comments that this is effectively an export market for Scotland—we are exporting our experience and expertise to other parts of the world, both south of the border and internationally. We should celebrate and build on that as we move forward.

The current policy environment and the level of funding that the Scottish Executive and local authorities are delivering give us a huge amount of optimism for the future. The many projects to which Brian Souter referred and that we, too, will hopefully have a chance to mention this morning are evidence that we can move forward very quickly and build on the good foundations that the 2001 act put down.

Michael McMahon: Thank you for coming along this morning. You heard Brian Souter explain why he does not enter into formal partnerships. Do you agree with that? I notice that FirstGroup does not have any such partnerships. Why is that the case? Can you see any advantage in having partnerships?

Gordon Dewar: We agree strongly that partnerships have a great deal to offer. It is not true to say that we do not have formal partnerships. We already have formal and contractually binding partnerships in Aberdeen and Glasgow, and we are delivering some exciting schemes. The Glasgow scheme is the bus information and signalling project—BIAS—which is a combination of bus priority measures, real-time information and so on. In Aberdeen, a real-time information system is already up and running. We have already secured a large number of bus

priority measures, to deliver the reliability that we all think is so important. Those partnerships are contractually binding and have attracted investment from FirstGroup. We have put many millions of pounds into supporting the BIAS scheme in Glasgow.

It is true that we have not signed any statutory quality partnerships, as defined in the 2001 act. There will be opportunities additional to offer and there will be opportunities to pursue them in the future. We should not take the current lack of such partnerships as a sign of failure. We are finding that we can deliver a considerable number of benefits without embarking on the slightly bureaucratic process of setting up a statutory quality partnership.

Michael McMahon: You referred to the fact that you have entered into the contract for the ScotRail franchise. Why are you not keen to enter into what is a similar type of exercise in relation to buses?

Gordon Dewar: The simple answer is that the economics are entirely different. The rail network is heavily subsidised through most franchises across the UK. Where the public sector is investing a large proportion of money, it is reasonable that it specifies to quite a high level of detail what it wants to buy for that money. It would be a mistake to apply that model to the commercial sector. Brian Souter has already pointed out the many benefits, in terms of flexibility and innovation, that the private sector can bring. Frankly, I think that applying that model to the commercial sector would be unnecessary. If the public sector is not required to support all the services—and it does not support the vast majority of services in Scotland—I do not know why it should need to be prescriptive, especially given that we are delivering a great deal of evidence of success.

Michael McMahon: Again, Brian Souter said that the 2001 act had been a boon to the transport industry. Do you think that more legislation is required to cover any gaps in provision?

Gordon Dewar: I do not think that we need any more legislation. In other evidence that has been given to your committee the point has been made—perhaps even by the Scottish Executive—that the 2001 act gives tools to local authorities that they can apply in the ways that they see fit in order to deliver their policies and objectives. If we had applied all the tools and not got what we want and had run out of ideas, we might be calling for more legislation. However, we are a long way away from that point. We are finding that we are delivering a huge number of successes with the tools in the act and with traditional methods such as commercial contractual agreements with local authorities. We are nowhere near to exhausting what the act can do. The act has set out a

framework that enables us to set out clearly what we are trying to achieve and put that in the context of the policies that we are trying to deliver and allows the local authorities to do what is best for their local areas.

Paul Martin: Is it not the case that operators such as FirstGroup are cherry picking many of the profitable routes to the detriment of the outer routes in Glasgow? If so, does that not make a case for us to explore the possibility of having quality contracts, which will ensure that the operators deliver a service in parts of the city that are not serviced by the overground routes?

Gordon Dewar: “Cherry picking” is the wrong term. The engine of growth for the bus sector in the past four years has been the provision of mass transit, which is what we do best. We have been concentrating our efforts on that and ensuring that what we do is contributing to modal shift and growing the market overall. Let us not forget that that expands the commercial network. Only 3 or 4 per cent of our network in Glasgow is subsidised in terms of tender. In Aberdeen, there are no tender routes. If we get the balance right, we can deliver growth across the whole network by doing what we have been doing.

There is a separate argument that relates to situations in which there is not enough demand to make a service commercial. There are many tools that we can bring to the table to address such situations. The more traditional tender methods will work for some services and, as Brian Souter has said, more innovative methods would work for the deep rural areas. All those approaches have a lot to offer. It would be a huge mistake to rip up our success by taking the investment that we have put into the successful, large-volume corridors and diverting it into the less profitable areas. That will slow down growth and ensure that we do not deliver a modal shift or the other policy objectives.

Paul Martin: With respect, why should the less profitable areas lose out because the bus operators decide that they want to run profitable services but do not want to take a hit by running unprofitable services? A point that I raised in our meeting in Stranraer was that the operators should be put in a position, perhaps by legislative means, in which they have to take the good with the bad. Other businesses have to take the good with the bad—Asda does not close its doors at 7 am because no one uses it at that time. Why should FirstGroup not provide services in areas in which the service might be less profitable, as well as the profitable overground routes in the city? Do you confirm that FirstGroup will withdraw unprofitable services from parts of Glasgow that are not covered by the overground unless SPT is willing to subsidise those services? I have raised concerns about the matter.

10:45

Gordon Dewar: It is crucial that we invest in the right areas, because that will lead to the overall modal shift that will determine how many people use buses in cities and towns. However, it is not right to say that we are doing that at the expense of other areas. In the context of the overground concept in Glasgow, we concentrated resources on key routes, but in most areas that simply meant that people might have to walk a bit further to access a much higher-frequency service, which is what customers said that they wanted to do. Customers voted with their feet.

If we are to address the different issue of areas in which a commercial service could not operate because it would not cover its costs, we must consider different solutions. The tools have been provided through the tendered network and a variety of other approaches. It is not accurate to suggest that we do not take the rough with the smooth. We run many 24-hour services in Glasgow, so we are running buses late at night and early in the morning, because we recognise that to do so contributes to the overall offer to the passenger. Not every journey makes a profit, but if we do not give people a choice so that they can rely on the service to get them to work, have a social life and take advantage of retail opportunities, people will not come out at the core times when we know that we will—

Paul Martin: This is important in the context of the evidence that we are taking. Will you confirm that you are telling people in the outer parts of the city that are not covered by the overground that they will have to walk a bit further, so that we can provide bus priority lanes to FirstGroup and enable the company to increase its profits in more profitable areas?

Gordon Dewar: No. Our customers tell us that one of the most important aspects of the offer is the frequency of the service. You have talked about the difficulty of standing for a long time at a bus stop, which makes low-frequency bus services unattractive. Our customers tell us that they would rather walk a little further to reach a high-frequency service. That is the approach that we are evolving.

Paul Martin: Perhaps you will stay for the afternoon session and find out whether people agree with you.

The Convener: I want to explore the point a little further. The Mobility and Access Committee for Scotland and members of the public who took part in last week’s informal session with the committee said that the distance to the bus stop is an issue for many people. Obviously it is a critical issue for elderly people and people who have mobility problems. It might well be okay for young,

fit people to walk a bit further to get to a high-frequency service, but how can we design a bus service that does not disfranchise the people who perhaps most rely on buses? We are trying to grapple with that issue.

Gordon Dewar: First and foremost, it is important to ensure that there is a bus service. The only way of doing that is to ensure that we have a robust network in which we can invest and which can continue to grow.

As we invest in fleets, there is clearly a big challenge to make buses more accessible. We might decide that we need to expand the reach of the network. Clearly we must get together and work in partnership on such matters. However, it would be a mistake to rip up all the things that have been proven to be successful. We are a mass-transit mode and we work best when we move large numbers of people. We must find other solutions if we want to penetrate more diverse areas and serve people who find it difficult to use the traditional bus services. We are happy to engage in discussions about how to serve such people and I think that we will be able to develop good, innovative solutions. However, we should not rob the main core of the commercial bus network to do so. That is my core message.

Pauline McNeill (Glasgow Kelvin) (Lab): I should declare an interest. I am not a member of the Local Government and Transport Committee, but I am working with Strathclyde Passenger Transport Executive on a proposal for a member's bill to explore issues, particularly to do with the gaps in the service and the public's right to be consulted. You will know that I have had some exchanges with your company in the past. To be fair, I would say that you are quite a responsive company and that you are prepared to engage. However, in cases where you have withdrawn bus services and we have demonstrated that the community has a large elderly population and is not very mobile, we have been unable to persuade you to reinstate the services because you have to consider your profit margins. Should there be some mechanism for consulting the public directly on proposals to withdraw a service, so that we could consider whether the community that will be affected is deprived or has a high proportion of elderly people? A bus company such as yours might reconsider a proposal in the light of such evidence.

Gordon Dewar: That mechanism already exists. We have close working relationships with all our local authorities—and I include the Strathclyde Passenger Transport Executive. We have regular forums to decide how to proceed with policies, how we can develop the market and how we can better plug some of the gaps. The tools already exist.

The most effective way of plugging a gap on a route that will clearly never be commercial would be for a tender process to specify exactly what is required. If commercial companies are expected to plug that gap, a bus will be running at a loss when it could be running more effectively elsewhere. In the longer term, that will reduce investment. We must not destroy the engine-room of growth. There are important challenges and we must have different solutions for different problems. There is one solution for getting people out of their cars and another solution for ensuring that we have social inclusion. That said, the people who currently use our busier commercial bus routes already have high representation of the people who are most at risk of social exclusion. Therefore, it is certainly not right to say that, because we concentrate on certain areas, it is at the expense of social inclusion. The bus is the most important mode of transport for the people who are most at risk of social exclusion. The more people we have travelling on buses on our networks, the more benefit we will provide.

Pauline McNeill: Perhaps you will be clear about what you think the mechanism is. After a long campaign in Broomhill, we persuaded FirstBus to reinstate a service. A very small bus service had been removed, but we demonstrated that the route was actually profitable and that you had been wrong, and you then reinstated the service. However, we could not see what the mechanism for consultation was. We had your chief executive in a room the size of this one and we tried to persuade you that you had made the wrong decision. You agreed. However, what is the formal mechanism for the public to demonstrate that you have made a wrong decision or to complain about the withdrawal of a service or the variation of a route?

Gordon Dewar: If it is pointed out to us that we have made mistakes, we are very happy to reverse them. We do listen.

Pauline McNeill: But what is the mechanism?

Gordon Dewar: There are two mechanisms. First, we have a lot of engagement with our customers. We take their comments very seriously and we work with organisations such as the National Federation of Bus Users, which I believe you will be hearing from later this morning. We also work with local authorities, which have a great interest in understanding what people in their communities want. We get information through a number of avenues. When we change bus routes, our postbag quickly lets us know about the issues raised. Most of the responses will be positive, but often we are asked to address certain issues. We take such requests very seriously. I do not think there is any likelihood of our missing the point. The example that you raised was one in which it

was proved that we had misunderstood something. When that happens, we are certainly not averse to going back and trying to fix it.

Pauline McNeill: Should there be a statutory duty on bus companies to serve hospitals? I do not want to get into controversial areas, but in Glasgow the reorganisation of health services will mean that people will be going to different places to get their health services—for out-patient appointments in particular. Is there an adequate mechanism for discussing how bus services can be flexible and take account of changes?

Gordon Dewar: Hospitals are crucial parts of the network. Their place in society is well understood and, clearly, they generate a large number of trips. We are already engaging with the health board and trusts in Glasgow—and with Glasgow City Council, which has been an excellent partner—so that we can understand what their plans are and ensure that we respond to them by amending the network and adding services.

We have already highlighted a number of really quite exciting projects that can be done almost as a benefit of the hospital changes, although I accept that many other people would not see them as a benefit. We are deeply engaged in ensuring that we can make a success of it. I see no difficulty in continuing to do so and in coming up with a set of proposals and network revisions to cover most if not all of the issues.

The Convener: Finally, I want to raise the issue of cherry picking. I note that your company's position is that you are opposed to any form of reregulation. You also say that you do not cherry pick routes. However, is it not the case that your company suffers a bit because of cherry picking by other companies? As you said, in areas in which you have a full provision of services, other companies are cherry picking routes. They are offering services only at peak hours whereas you are delivering services from early in the morning to late at night. Would it not be beneficial to have some sort of regulation so that there was fair competition in the areas you serve?

Gordon Dewar: No. Competition has a huge amount to offer over the piece. I agree that there will be times when it would be nice not to have some of the very aggressive competition that we have had to face. However, it is competition that puts us on our toes and incentivises us to improve our product and invest more to make our buses the bus of choice. I cannot agree with that suggestion. You will never hear us complain about competition, as long as it is legal, and you will never hear us say that we want protection. We believe that competition has an awful lot to add to the market as well as to the customer experience.

Bruce Crawford: Before I move on to the issue of concessionary fares, I want to pick up on one of the points that Pauline McNeill made. Is there room for a formal voluntary or statutory consultation process when a service has been withdrawn? If a minimum standard for consultation were set down, everyone—the bus operators and the communities that are affected—would understand exactly what they could expect.

Gordon Dewar: Do you mean public consultation?

Bruce Crawford: Yes.

Gordon Dewar: I ask because, obviously, we have a requirement to consult the local authorities.

Bruce Crawford: I am talking about direct public consultation of your customers.

Gordon Dewar: It is difficult to see how that could be enshrined. There are many reasons why things have to change reasonably quickly. That said, the industry at large has made a commitment to Government that we should look at whether to limit the number of dates in a year on which we can change services. If we could get agreement on that—whether it is four times a year or whatever—we would have a structure that would be well understood. That would give us a little more breathing space in which to do a bit more consultation.

I assure the committee that that would not need to be enshrined in legislation. One of the most important things that we have learned to do in recent years—indeed, it has been the backbone of our growth and success—is consult, whether by doing market research, listening to customers or responding to the mailbag. You will not find us unwilling to come to the table to discuss ways in which to understand our customers' needs. However, we need to be careful not to throw the baby out with the bath water. We might find that, instead of getting on with delivering benefits as we have been doing in recent years, we will tie ourselves up in bureaucratic knots.

Bruce Crawford: Whether we are talking about Glasgow or rural parts of Stirlingshire, huge upset is caused for folk, as you can imagine, if services are withdrawn at short notice. Surely it would be beneficial for the industry to come together to agree a voluntary minimum set of standards for consultation before such time as the Government says, "If you are not going to do it right, we are going to regulate you." Is there not an incentive for some cross-industry agreement about that?

Gordon Dewar: We would be happy to engage in that discussion. No one has come up with a proposal to address the issues that are involved, such as the problem of discussing our network revisions in an open forum in front of our

competitors. We cannot do that, as it would allow them to get the jump on us. We are concentrating on some of the negatives today, but most of the change that has taken place has been positive.

There needs to be an understanding about what is going to motivate the industry to continue to do what it is doing, which is to invest, grow and improve. I would love to see more engagement with the public to allow people to understand things more. As I said, we are doing that through market research and by being open with our customers. If we can find another framework that adds to that, we will be happy to engage in discussions about it.

11:00

Rodney Dickinson (FirstGroup plc): Gordon Dewar referred to the service stability code, which we try to promote—or certainly we do so south of the border. We try to agree with the local authorities in each of our operating areas the dates during the year on which we will effect timetable changes. The maximum is six, but we try to have fewer than that. As part of that code of practice, we undertake to carry out public consultation. Such a code, if adopted in Scotland, could serve as the basis for what the member is seeking.

Bruce Crawford: That was a very positive, useful suggestion.

Gordon Dewar: The issue has been on the agenda of a number of meetings that we have already had. It has been part of some tabled heads of terms of quality partnerships with which we would like to engage. We are already having that discussion.

Bruce Crawford: I will continue on the theme of inclusion. I presume that FirstBus's experience of concessionary fares has been similar to that of the Stagecoach Group. Concessionary fares schemes have produced growth but, because the schemes are not national, there are problems where they do not apply. You talked about the Welsh experience. Can you expand on how that is beneficial? I would also like to hear how concessionary fares schemes and a future national scheme may be helpful in improving access to buses for people who have mobility impairments. If a national scheme were to be introduced, more public money would obviously be available. Does that mean that there would be a response from major and smaller companies by way of capital investment in the bus fleet, to ensure that changes are made to allow people with difficulties such as mobility impairment on to the buses?

Gordon Dewar: I will deal first with the Welsh scheme. We think that it is an excellent model, for two main reasons. First, it is a national scheme, so

there are the same standards of expectation and the same level of coverage, at the same times of day. Everyone who uses the system understands what they can expect from it. The second issue, which is more important as regards sustainability, is the level of funding for the scheme. Let us not forget that this is funding for the passenger, not the bus operator. If reimbursement rates are below the cost of provision, there is no long-term future for the scheme and it will have long-term detrimental effects on investment.

We believe that the Welsh scheme takes the right approach. The evidence is there for all to see: there has been growth and investment, new routes have started up, there is increased frequency on existing routes and better buses have been put on. If those who set up the Scottish national scheme learn many of the lessons from Wales, as we hope that they will—we are getting positive feedback from a number of areas that indicate that they understand the issues and are taking on board our comments—we will have a fabulous foundation for the future. As Brian Souter pointed out, if we get the scheme right, it will have all sorts of spin-offs for commercial passengers.

I turn to the issue of how that feeds through to the quality of the service and the specification of the bus. For many years, we have been committed to ensuring that any new vehicles that we buy hit all the Disabled Persons Transport Advisory Committee standards for access. We are choosing low-floor options and so on. There is already an on-going commitment to that, but I hope that we will be able to accelerate it under a national scheme. I have no doubt that if there is sufficient reimbursement to the system, operators will be able to accelerate fleet replacement, to expand their fleets and to provide an increasing number of services. It should be a virtuous cycle. If we get the initial level of reimbursement right, we will be able to respond to the additional demand and offer benefits across the network.

Tommy Sheridan: You said that FirstGroup was Scotland's largest bus operator. What is your turnover from bus services in Scotland? What level of direct public support do you receive across the country from both local authorities and the Scottish Executive?

Gordon Dewar: What do you mean by support?

Tommy Sheridan: I mean subsidy for concessions or routes. Last week, for example, we heard that Dumfries and Galloway Council is spending £1.9 million a year on subsidies to services in its area. Is FirstGroup one of the recipients of those subsidies, or does it not operate in that area?

Gordon Dewar: We do not operate in that area. Tender income in Scotland—the income that we

receive from local authorities to support bus services—makes up about 4.5 per cent of our overall turnover. That is a very low proportion. As I indicated, in Aberdeen we receive no tender income—the network there is entirely commercial. Only 3 or 4 per cent of the income from Glasgow is tied up in tenders.

We estimate that a little more than 20 per cent of our income comes from concessions. I remind you again, that that is a subsidy to the passenger, not the operator. In effect, we are being reimbursed significantly lower than we would have been if we had carried a commercial passenger. It is the right approach—clearly, those people need support and the social inclusion agenda confirms that that is the right thing to do—but the subsidy does not come to the operator; it is very much about supporting the passenger.

Tommy Sheridan: In relation to the withdrawal of FirstBus services, the experience of the Pollok area is similar to the situation in Broomhill that Pauline McNeill described. Users have given us evidence of a deterioration in many services, despite the fact that there is major publicity about your overground investment. Do you think that those complaints are justified or do you reject and refute them?

Gordon Dewar: I reject and refute them, over the piece. Whenever a network change is made, there are inevitably some winners and some losers. Our job is to ensure that there are many more winners than there are losers. Inevitably, however, there will be people who find that they have to walk a little bit further or that the frequency of their service is not what it might be.

Over the piece, during the past seven or eight years, we have invested something like £118 million in the fleet in Glasgow, increased our mileage, increased the hours that we operate—we are now running a 24-hour business—and have clearly achieved success in terms of patronage, as we have experienced a 5 or 6 per cent growth in passengers in the past few years. It is hard to see how any of those statistics can suggest that we are going backwards. We accept that we cannot be all things to all people. What we must do is ensure that we make investment to deliver sustainable growth and that we work in partnership with local authorities in order to meet their policy objectives.

Tommy Sheridan: You might have heard me asking Brian Souter why Stagecoach has not co-operated with the bus stop timetable information scheme that SPT has invested in. You have not done so either. Why is that?

Gordon Dewar: That is absolutely not true. We had our timetable information up in advance of the agreement on the SPT scheme and we have an

understanding about the roll-out of that scheme. We are co-operating fully with SPT.

Tommy Sheridan: According to SPT, you are not co-operating because you think that the standard should be national not local. However, are you telling me that you are co-operating with SPT?

Gordon Dewar: If you go out to the bus stops in Glasgow, you will find that timetables are in place. There is an on-going discussion about how we can ensure that the detailed design is the best for the customer, but that has not stopped us using the facilities that SPT has provided. Almost every bus stop that I see in Glasgow—there might be the odd exception—has got our timetable information up. We are extremely supportive of the policy of rolling out the timetable information scheme further.

Tommy Sheridan: What would prevent you, in a more regulated market, from implementing the initiatives that you mention in your submission? Is there anything that you have done that you would not be allowed to do?

Gordon Dewar: It is hard to see, based on the evidence of other regulated markets and our experience of the situation pre-deregulation, that any of the innovation, investment or fast methods of improving the service would occur. You are right to suggest that it would not be impossible to deliver those things under a more regulated market system, but the evidence suggests that having an extremely prescriptive definition of what the network is and a huge amount of bureaucracy devoted to setting it up, defining it, managing the quality and so on would create a disincentive to change. In recent years, we have realised that we are far from perfect, so we will have to change if we are to continue to grow. Where we find that we have successful strategies, we want to keep them as stable as possible so that we can continue to deliver results but that is not to say that we should not continue to deliver other initiatives on top of that. As soon as we get into a bureaucratic process and local authorities and councillors, who are not as close to the customers as we are, start to deal with specific political issues instead of allowing us to concentrate on what the bus service looks like at the bus stop in the morning, it is inevitable that things will slow down and innovation will be stifled.

David Mundell: We all agree that it is beneficial for people to have a number of transport options, but regardless of the number of options available, there is a glass ceiling in relation to the number of people who might be prepared to use bus services. An interesting example, on which you may or may not care to comment, is your express bus service from Galashiels to Edinburgh, which has a pretty similar timing to that of the proposed

railway from Galashiels to Edinburgh. Given the number of people who may wish to travel from Galashiels to Edinburgh, how do you see the balance between bus and rail capacity being struck?

Gordon Dewar: The issue is about understanding people's choices. You have hit the nail on the head by saying that some people have different views of the product and want to use something else. If there is a glass ceiling, the challenge that we must rise to is to raise it higher and eventually break through it. We will achieve that only by continuing to improve our quality and through wider policies, including car constraint, managed parking and increasing recognition of the damage that private cars do to the environment and the quality of life in towns and cities. If we get the right policies and service delivery to make public transport—by which I mean both rail and bus—a better option, that will raise the glass ceiling and get a far higher proportion of people using public transport. The signs are good. The current policies and funding levels in Scotland are the best that I can remember in my career and the operators have demonstrated that they can deliver growth in the use of rail and bus services. We just need to do more of the same, more quickly.

David Mundell: Do you carry out research on people's attitudes to bus travel, the impediments to their using it and the reasons why they form certain perceptions?

Gordon Dewar: If we ask existing users, they always tell us that the most important issues are reliability and then frequency. Price and vehicle quality are usually in third or fourth places. If we ask car users why they do not use bus services, we often find that that is because they are ignorant of what is on offer—they do not understand the system and the frequencies. People are usually pleasantly surprised about how often the buses run and how cheap they are. Our challenge is to destroy perceptions rather than make substantial increases in quality. There is a marketing issue, but also an education element of demonstrating to people that using the car at all times is bad for them, society and the environment in which we live. A partnership approach is important because only through working with local authorities and the Scottish Executive can we persuade people that bus travel has something of quality to offer and that, for other reasons, it is a good way of travelling.

The Convener: Brian Souter raised the issue of bus prioritisation lanes on trunk roads and motorways. Your company has been in discussions with local authorities in other parts of Scotland and, I think, the Scottish Executive on that issue. What sort of reaction have you had in those discussions? Is the solution a practical one

and are the Executive and local authorities giving it enough consideration?

Gordon Dewar: The solution is clearly practical and it is already used in England—there is a bus lane on the M4. There is no practical reason why more bus lanes cannot be delivered. We must engage more quickly on the issue. There are many examples of motorway approaches into cities. The M8 approaches Edinburgh through your constituency in West Lothian. The M80, M8 and M77 at Glasgow suffer from the same problems. If people sat in queues—which exist already—watching buses go past in a bus lane with unimpeded access to the city centre, that would make a powerful statement. I refer to my comment about the importance of perceptions. I cannot overemphasise how important it would be if, day after day, people saw others breezing past and getting to work faster than they were in their private cars. We need to raise that issue up the agenda.

11:15

The Convener: I thank the witnesses for their evidence.

I welcome our third panel. Representing Strathclyde Passenger Transport are Douglas Ferguson, who is the operations director, and George Heaney, who is the head of operations. I invite them to make some introductory remarks before we move on to questions and answers from members.

Douglas Ferguson (Strathclyde Passenger Transport): Thank you for the opportunity to appear before you today. Strathclyde Passenger Transport welcomed the intent of the Transport (Scotland) Act 2001, which, as we understood it, gave some additional tools to transport authorities and took some of the rough edges off the Transport Act 1985. However, when the 2001 act was going through Parliament we argued that it did not go far enough and that it was flawed. We believe that those flaws have resulted in many aspects of the act not being delivered. There are no statutory partnerships or quality contracts in Scotland or, I believe, in the rest of the UK.

That is not to say that there are no good things in the 2001 act. We welcome the increased notice period in the registration of services, which has brought greater stability to bus services. We believe that there is a role for us to work in partnership with bus operators; we have been trying to develop a partnership in East Kilbride, where there is an opportunity to do that. In the current set-up there is scope to improve things—such as consultation, which was mentioned earlier—but our position is that, given the complexity of the bus network in the SPT area and

the fact that we have a multimodal system with buses, trains, subways and ferries, what is required is franchised bus services and the quality contracts from the 2001 act.

We are not driven by an ideological view about the right way to deliver services. We do not seek to bring buses back into public ownership—there could be a last-resort rule about that, but we accept that it is probably best for buses to remain in private ownership. We do not seek to destroy entrepreneurial skills; we believe that contracts can be defined in a way that will leave scope for entrepreneurial skills in the development of responses to tenders. Our focus is on the needs of the passengers and communities in our area, but we do not see that focus coming through in the current system in terms of consistent quality of services.

In evidence-taking sessions, the committee will hear many statistics on bus mileages and changes to services. There will be comments on good practice, of which there are many examples, although examples of bad practice can be highlighted too. However, the best way to judge what is happening is to stand in the street. If you stand in Renfield Street in Glasgow and observe bus services, then do the same thing in Newcastle, Leeds, Liverpool, Manchester or Sheffield, you will see a standard of delivery and information that is not consistent in quality. On the other hand, if you go to London or virtually any city in Spain, Italy, Belgium, France or Germany you will see a standard of service that is palpably better than that in the west of Scotland and the rest of the UK. That is a better way to judge what is happening than much of the evidence that you will hear.

I said that the way forward is franchising and the quality contracts of the 2001 act. Members are probably wondering why no one has delivered those contracts. Our view is that we have not been able to deliver them because they would be very difficult to achieve. That is partly because the processes are complex, but we accept that when a number of operators are likely to lose their livelihood and be replaced by someone else it is almost inevitable that the process will be complex and time consuming: we reckon that it would probably take about three years. However, it would probably take three years to get to a franchise, so I do not think that we have too many problems with the fact that the process is complicated.

Our difficulty is that we think that there is very little likelihood of a successful outcome; there are too many obstacles in the way. We would need ministerial approval for a start, and we know that operators are hostile to the idea of franchises. Although we welcome the fact that there is no

requirement to try a partnership before going to a contract, we feel that the guidance that was provided leaves the impression that franchises are very much a last resort in the process.

Another issue is the funding of the franchise. We do not necessarily believe that a franchise would be an expensive option, but if we had no funding for it, we would not know how much it would cost until we got prices. We might then be in a position where we could not afford it. Given those obstacles, we have taken the view that if we were to take the lead and try to instigate a franchise, the attempt would be likely to fail and it would be a diversion of scarce resources away from working within the existing provisions of partnership and tendering services. We have therefore taken the view that it is better to stick with that.

In conclusion, first we would like the legislation to be amended to remove the requirement for ministerial approval of a contract—that stage is unique to a contract. We think that that would send a strong message about the Parliament's and the Executive's views about the mainstream goal of franchises on bus services.

The second thing that we would like is pilot franchises in Scotland. When the 1985 act came in, a number of pilots were put in place in the United Kingdom to try out the deregulation process and see how it worked. We feel that the same needs to be done in respect of the introduction of franchises. There should be a process in which we work closely with the Executive to pilot a franchise within the SPT—and probably the same should happen in other parts of Scotland—so that we could learn from the experience.

There is a need to underwrite the costs of the initial franchises, so that we do not go through the process and find at the end of the day that we cannot afford it. We feel that to assist in that, there is scope to put all the funds that are being made available to bus services into a single pot to help to deliver the franchise. Significant amounts of money are involved. As well as the relatively small amount that we put into tenders, there are bus service operators grants, bus route development grants, rural transport grants, concessionary travel and money that goes into transport for education. There are semantic points about whether such money is subsidy or whatever, but a lot of money is being paid to bus companies and that could all be brought together to help to test out the franchise option.

That is all that I want to say on the 2001 act. I will make two brief points on concessionary travel. First, we feel—certainly in our area—that free travel should be extended to local rail services and to the subway because we feel that they are part

of the local transport network. It is right that people should have equal access to those.

We are probably pretty much with the Commission for Integrated Transport in that we think that there is an issue about extending a scheme for one particular group of users—the elderly and the disabled—and thereby increasing its cost, when other groups, such as young families and others, do not benefit. Perhaps before we extend the existing schemes it might be appropriate to consider whether other groups of people should benefit from concessionary travel.

The Convener: Thank you very much.

Michael McMahon: You have mentioned many sources of evidence and statistics and you said that those can be made to say different things to different people. The evidence that I have is from my surgery. Young people, the elderly and people who are looking to get to work come to my surgery to complain that yet another bus service has gone from their area. In Whitehill in Hamilton, an area of high deprivation, people cannot get to work because—never mind Tommy Sheridan's complaint about not having a bus timetable—they do not have a bus stop.

This morning you have said that the legislation is fine, but that in some areas it does not go far enough. You have said that you are required to ask the minister for permission and that it takes too long to draw up a quality contract. To people who need a bus, that will sound very much like a cop-out. Under the legislation, it is your job to provide the services that they require, but that is not happening. Your evidence this morning will not fill them with much confidence.

Douglas Ferguson: We need to take a realistic view of what we can deliver. I was trying to say that, under the legislation, quality contracts and the franchise route would enable us to deliver, but I must work within the resources that I have in both manpower and funding. We need to take the best decisions that we can within those resources. We believe that in the current environment the best thing that we can do is try to make the tendering process and partnership work. If we worked in partnership with the Executive, we could use the franchise route for which the legislation provides. That would help us to address the underlying problems that you are encountering at your surgeries.

Michael McMahon: One housing estate in Bellshill in my constituency is virtually a bus route. Twenty buses an hour run through that estate, because it is on a commercially viable route. However, the housing estates a mile on either side of the route, which used to have bus services, no longer have them. It is no consolation for people to know that more buses are running through

Orbiston when they cannot get a bus to take them from the west end of Bellshill to the Bellshill post office. Surely we must rely on people like you to deliver the services, but that is not happening. As Paul Martin said, there is a clear deterioration in services in some areas on the periphery of Glasgow. That problem extends into Lanarkshire. If a person lives on a main route, it is very easy for them to get from any of the Lanarkshire towns into Glasgow, but they cannot get a bus to the local town centre to collect their pension.

Douglas Ferguson: We believe that a franchise would deliver what you are seeking. It would offer more even provision of services across areas. It would take out buses from areas where there are too many and could introduce them to areas that do not have services. We must work closely with the Executive to deliver a franchise.

Michael McMahon: Even where there are buses, there are complaints about their quality. You have a responsibility in that area, too. Do you believe that there has been a deterioration in the quality of buses? Has investment in the accessibility of buses been up to the standard that you would expect?

Douglas Ferguson: The problem is not that the quality is poor in some areas, but that it is not consistent. Some operators provide high quality, but others are able to operate very low-quality services. That is a feature of the legislation about which we can do nothing. Adopting the franchise approach would allow us to set a quality standard for vehicles that would need to be delivered. Without such an approach, there is nothing that we can do to prevent operators who have an operator's licence from operating vehicles that are roadworthy.

Paul Martin: In your opening statement, you said that we should encourage operators to develop their business. We can only agree with that. How can we encourage operators to develop their business if we allow them to pull bus services because they are not making money and then have the SPT subsidise them? What is the point in operators making routes profitable if it is possible that they will receive a subsidy from the SPT following withdrawal?

11:30

Douglas Ferguson: The point is to focus the public money that is invested in bus services on delivering what members and communities want from them. At the moment, sums of money are paid to bus operators through mechanisms such as the bus service operators grant and concessionary travel reimbursement. The transport authority has very little control of what it gets back from that investment.

If those same amounts of money could be focused in some way so that the outputs that came back from that money were the outputs that the communities wanted, you would get a reversal of the problematic situation in which there is very little control over what is actually being delivered and the operators concentrate on the commercially profitable routes. That is inevitable of course, because the operators are commercial organisations that are there to make a profit for their shareholders.

Paul Martin: The point that I am making is that it must be more beneficial to the bus operators not to develop the service in the areas in which they do not make any money. There are a number of businesses that develop the service that they provide in order to make money. However, if an operator is not making money on a route, it is not in its interest to develop that service because, if it continues to lose money, SPT will subsidise the service because it is a key service to a community. The current regime does not encourage the operators to develop their business in areas where the routes do not bring profits. The operators seem to be so sophisticated at developing their services in other areas that I cannot understand why they cannot make an unprofitable route profitable. Other businesses have to make similar efforts in that regard.

Douglas Ferguson: Some operators will take the view that, if they remove a commercial service, SPT will come in with a subsidy that will give the operators a bit more income. I have to say that I do not think that the major operators generally take on that subsidy junkie role. When they withdraw a service for commercial reasons, they would probably prefer nothing to replace it or for the route to go out to the market and for some small operator to pick it up as a subsidised service. By and large, they do not seek subsidies in that way.

Paul Martin: Do you know of examples in which an operator has been subsidised by SPT in order to keep running an unprofitable route? I am sure that you are aware that FirstGroup has been given public funds by SPT as a subsidy in that way.

Douglas Ferguson: That is how the process works and there are examples of that. You mentioned FirstGroup, but I would say that it tends not to tender for the subsidised contract.

Paul Martin: It has done that in the past, has it not?

Douglas Ferguson: I should probably ask George Heaney to answer that question.

George Heaney (Strathclyde Passenger Transport): FirstGroup has done that in the past, but is no different from other operators in that regard. It is important to mention that, over the

years, some operators of once-commercial services that have since become subsidised services have come back to us after two or three years to say that they no longer require subsidy. FirstGroup has done that a few times.

Tommy Sheridan: I want to continue this line of questioning. The evidence that SPT has supplied seems to give an example that is the complete opposite of what you are saying to Paul Martin. Paragraph 6.2 of your evidence talks about service 31, the Lanark to Hamilton route that is run by the McKindless bus company. We read that you subsidised the route for five years, during which time the frequency of the service was increased and vehicles were adapted for wheelchair access. The company then decided to register the route commercially, but missed out the Sunday and evening journeys. In other words, it cherry picked parts of the service once the route had been made profitable via public subsidy. By the looks of it, you subsidised the whole route for £83,000 a year, but you now have to subsidise Sunday journeys and evening journeys for £122,000 per year. That is an abuse of the subsidy regime: a private company used subsidy to build up a route and then cherry picked part of the route and did not provide the whole service. Is that the essence of the example?

George Heaney: Yes, that is largely what happened. An attractive service was built up over the past three, four or five years with the benefit of the rural transport grant. All the buses on the service were wheelchair accessible and the frequency was higher than it had been for many years. By the end of that period, patronage had increased remarkably. This year, when the operator decided to register the daytime service without subsidy, we had to go out to tender for the operation of the evening and Sunday journeys only. Of course, the public now complain that because operator number 1 runs until 6 o'clock at night and operator number 2 won the contract to operate in the evenings and on Sundays, the benefit of all-day and return tickets disappears. If a passenger goes out in the afternoon and wants to return in the evening, they have to pay single fares with each operator. That is most unfortunate, but during the 18 years since deregulation, such situations have not been uncommon.

Tommy Sheridan: That is the point that I was going to make. The good thing about your submission is that it gives a number of real-life examples of services that are being withdrawn and reduced. Is it your evidence that that type of reduction in service to citizens would not happen if you had a franchising scheme, which would allow you to ensure a better quality and more robust service?

George Heaney: Yes.

Douglas Ferguson: That is exactly it. We believe that a franchise would deliver consistent quality and a stable level of service over a period of time.

Tommy Sheridan: Do you have figures that you could share with us on how much is being invested from the public purse, via the bus operators grant and concessionary fares, in the private operation of bus services?

George Heaney: I can give broad figures on subsidy levels. At present, the Strathclyde Passenger Transport Authority's area contains around 42 per cent of the Scottish population. The amount of subsidy going into mainstream bus services is in the order of £4 million per annum, which is supplemented by nearly £1 million of rural transport grant. In addition, about £2.5 million is spent on services for the elderly and disabled. Increasingly, we are trying to integrate that money into mainstream bus provision by developing demand-responsive transport services in rural areas, which Brian Souter mentioned earlier. We already have about 40 vehicles running on that basis in Strathclyde. If we add those figures, there is probably about £7.5 million of subsidy.

Tommy Sheridan: To be clear, the public purse currently invests £7.5 million a year in bus subsidy and support, for a geographical area that contains 42 per cent of the population.

Douglas Ferguson: That is the amount that we put into tendered bus services, but, on top of that, around £64 million a year is paid out in concessionary travel reimbursement. Another element of payment to operators is the bus service operators grant, which comes directly from the Executive. I could not say how much that amounts to, but it will be a substantial sum.

Tommy Sheridan: Okay. We will investigate the overall sum on another day. I was struck by your desire to improve information at bus stops. In your submission you say that neither Stagecoach nor FirstBus has participated in SPT's information scheme, through which SPT invested in 3,400 information cases at bus stops—you heard me ask the witnesses from both companies about that. Do FirstBus and Stagecoach still not participate or has the situation changed since you submitted written evidence?

Douglas Ferguson: Neither Stagecoach nor First Glasgow supply bus timetable information at bus stops to the local standard that SPT established. We understand that both companies are willing to post information to their own standards at bus stops and that they would consider establishing a national standard that would apply throughout the country. Our starting point was that the 2001 act established the right to set a local standard, so we consulted on the

standard that all operators in the area should meet. It is important that information from individual operators should be not only of good quality but provided to a consistent standard, which is why we wanted a local standard. However, the reality is that the local standard is not being provided on the plaques that we erected at bus stops.

Tommy Sheridan: Does either company comply with the standard?

Douglas Ferguson: No, and other companies do not comply, either.

Bruce Crawford: I will pick up on some matters that have been mentioned. It was useful to hear about the franchise issue. At least there is a possible mechanism for paying for that by bringing together other public service funds, although I guess that something might have to be dropped from a budget somewhere to make money available for that purpose.

In your submission, there seems to be a dichotomy in your approach to the principle of regulation. On one hand you say that quality contracts and partnerships can be "burdensome", because ministerial approval is required, but on the other hand you advocate reregulation to provide more integrated services. If you regard the regulation of quality partnerships and contracts as burdensome and detrimental to efficiency and incentives, why do you advocate reregulation? I do not understand what you are trying to tell us.

Douglas Ferguson: Perhaps our submission was not sufficiently clear. When we used the word burdensome, we meant that the process would be difficult and would require a great deal of effort. However, the effort would be worth while as long as a franchised service was achieved. We did not mean to imply that the operation of the franchise would be so burdensome that it would not be worth setting up.

Bruce Crawford: How do you respond to the argument that the reregulation of bus services would squeeze out incentives, initiative and efficiency?

Douglas Ferguson: Some people are not quite clear about what is meant by reregulation. They think that it implies a return to the pre-1985 system, when operators needed a licence to operate individual services and there were inquiries into the granting of licences. We seek not a return to that system, but a move to a franchise system that would be similar to the rail franchise or the system in London and, in effect, the rest of western Europe.

11:45

Bruce Crawford: That is a useful explanation. SPT's concessionary fares scheme required a substantial amount of extra money from the Executive to remain in operation—about £5 million in 2003 and £4.82 million in 2004. Why was that? Will the situation reoccur?

Douglas Ferguson: I am not closely involved in the financial arrangements for the concessionary travel scheme, which operates through the Strathclyde concessionary travel scheme joint committee. I understand that when the free scheme started it was very much an unknown, because no one knew how much travel it would generate. Under the terms of the scheme operators should be no better or worse off as a result of offering concessionary fares, so there had to be contingency provision to ensure that operators would not be worse off—hence the payments that you mention. I assume that as the scheme becomes established and people understand the costs, such contingency payments will not be necessary because people will know what to budget for.

I also assume that we will need roughly similar amounts to fund the schemes in future years. We will not have the pot of contingency money, but we know that we will need X millions of pounds for 2005-06 and for future years. We would get into problems if we moved to a national scheme—that would resurrect the issue and raise the question of what the additional cost of a national scheme would be.

Bruce Crawford: That opens a whole new can of worms.

The Convener: I have a couple of questions on the concessionary scheme. In your introductory remarks, you said that SPT advocates extension of the scheme to rail and to the Glasgow underground. Has any work been done on the increased level of patronage that you would expect from that? What costs would be involved?

Douglas Ferguson: No detailed work has been done on that. My view is that there would not be significant additional costs because extension of the scheme would not attract significant numbers of new concessionary trips. It would move some money into the rail and subway pots because people would have the choice of using those modes of transport whereas at present they have to use buses. Some additional trips would be made, but I do not think that the number would be significant. The cost would be in the margins of the total cost of funding the scheme; the change would involve redistributing the money among three modes of transport instead of concentrating it in one.

The Convener: Is any work being done to evaluate that? I do not oppose the idea, but it needs to be assessed properly. Glasgow has an extensive suburban railway system and it seems likely that there would be a significant overall increase in use of the scheme.

Douglas Ferguson: I do not believe that any detailed work has been done on that, but we are willing to make some effort to establish a figure.

The Convener: This is my final question about the concessionary scheme. You will be aware that the Executive intends to move forward with a national scheme and you said earlier that we should examine other parts of the population. What is your view on the Executive's proposed scheme for young people in full-time education? What ideas do you have about that scheme?

Douglas Ferguson: We think that such a scheme would be beneficial and we regard it as a higher priority than a national scheme for the elderly and disabled. There would be a great return in relation to the social inclusion agenda and there would be many benefits for young people, including access to employment, leisure facilities and other opportunities. Young people are an important group; next to them it would probably be important to introduce something for family groups, which may be more difficult to define. Travel by public transport can be expensive for young families who do not have access to cars because they pay not just one fare, but several fares for adults and children.

David Mundell: Does paragraph 11 of your submission suggest that despite its having devised quality contracts, the Executive does not want to implement them?

Douglas Ferguson: The Executive still takes the view that quality contracts are the last resort. It would much prefer the status quo or a partnership approach to providing bus services. In that environment, the risk to us is that an attempt to instigate a scheme would fail at some point in the process. We know that operators would oppose such a scheme—they have made that clear. The Executive's view is that the option is a last resort. The cost is unknown. All those factors make introducing at least the first couple of quality contracts a high-risk strategy. Perhaps once the first couple of franchises are in place it will be easier to see where they are going.

David Mundell: You are not willing to invest your resources in developing a contract because you think that the Executive would knock it back.

Douglas Ferguson: We have judged that devoting our resources to working within the existing system is better. We made that decision with regret, because if we worked with the Executive to develop pilot franchises, that would

give everyone an opportunity to see their benefits in a way that did not expose us to the significant risk that the process will fail at a hurdle.

David Mundell: Your submission talks about a franchise in East Kilbride. What area would a franchise cover? It would not cover the whole SPT area. Would one cover each major conurbation or a small area?

Douglas Ferguson: The answer is not simple, but we would expect such areas to be smaller, rather than larger. A franchise would probably not be as small as a single route, but might involve a combination of a couple of routes that operate along a corridor, rather than a whole area. We would certainly not cover a conurbation.

We prefer smaller areas to larger areas because it is important to have effective competition to win a franchise. If a franchise were based on a conurbation, next to no one—if anyone—could tender for it. Even if we went for a large chunk of a conurbation, there is a good chance that the response would be limited. It is important to define a franchise area in order to invoke competition for the franchise. That would probably relate to smaller rather than larger areas.

David Mundell: Will George Heaney expand on what he said about developing rural services? He referred to the development of demand-responsive services in rural areas.

George Heaney: The point was made that it is difficult to sustain traditional bus services in sparsely populated areas. Some years ago, because of the number of subsidised bus services in such areas, we decided to experiment with demand-responsive transport services to replace the traditional fixed-timetable services. As Brian Souter said, we dealt with school transport and transport for the elderly and disabled, but not the Post Office bus service, because we have difficulties with the way in which that service works. We managed to build up in most of our rural areas a network of demand-responsive transport services. Members of the public call our office and, if a vehicle is available to accommodate their requirements, they pre-book their trip. People can be carried from anywhere to anywhere within a defined geographical area, up to the limit of the vehicle's capacity or the number of bookings that we can take in any given day.

The services have been well received by the public, but in every case the difficulty that we have found is that, when the service becomes popular, we have to turn down more trips than we would like. Our view of such services is that although they are popular and a good tool in certain rural areas, the facility to provide additional capacity when required is still a problem.

Pauline McNeill: I apologise for missing the beginning of the witnesses' evidence.

I have discussed the withdrawal or variation of bus services with George Heaney and Douglas Ferguson many times and I know the answers to the questions that I will ask, but it is important to ensure that those answers are on the record. I asked the witnesses from FirstGroup about the mechanism through which communities should be consulted on service changes. Was their answer correct, or does there need to be a strengthened way in which to ensure that communities are consulted about withdrawal or variation of bus services?

Douglas Ferguson: It would be helpful if public consultation had a role in the process, but there are two difficulties with that. One is that there is no real way of enforcing the outcome of the consultation on the operator because the final decision is a commercial one about the operator's bus services and the operator is free to do what it wishes. The problem is how to reflect the outcome of the consultation in the operator's decision.

There is also an issue about how consultation works in a competitive environment; an operator would have to consult on a commercial decision that it was about to take, while other bus operators would follow the consultation and perhaps plan their responses. There are difficulties with consultation within the deregulated framework.

George Heaney: I will speak up for FirstGroup in this context. Under the present arrangements, operators must give 70 days' notice of proposed service changes or cancellations, or of the introduction of new services. First Glasgow uses that provision by coming to Strathclyde Passenger Transport at the outset to set out its stall on the changes that it intends to make. Although the decisions are commercial ones for the bus company, we have a limited amount of persuasive power to suggest changes to the details of the proposals that the company wants to implement 70 days later. However, in Strathclyde, 120 bus companies operate local bus services and few of them take a similar approach.

12:00

Pauline McNeill: I appreciate that that is the case—FirstBus is a responsive commercial company. However, I am interested in a regulatory framework to plug the gaps. Given what you said, might there be a case for considering increased powers for the traffic commissioner? Alternatively, might it be worth considering giving a transport agency enforcing powers at the end of a consultation period? I know that you have issues with the Executive's proposal for a transport agency.

Douglas Ferguson: We would still be faced with the difficulty of how the traffic commissioner would enforce on an operator a change that would impact on the operator's commercial judgment. I envisage difficult situations arising from that. An operator could argue that the traffic commissioner was forcing it to do something against its commercial judgment. The traffic commissioner has an important role to play, particularly in enforcing the provision of what an operator has registered. More work could be done in that area.

Irrespective of whether a transport agency or the traffic commissioner should have enforcing powers, whatever is done must be done at local level. Local understanding of a situation is needed in order to make the necessary judgments. I am not sure that a national body would be well placed to make local judgments about what was best.

The Convener: Finally, Bruce Crawford.

Bruce Crawford: I have a tiny point on consultation and companies trying to protect their commercial interests. The service stability code—which we heard about earlier—or a statutory requirement could mean that a company would have to announce its decision to withdraw from a service and undertake a consultation that would give a community a chance to get the company to change its mind. However, as the company would already have announced its intention to withdraw, I have difficulty in seeing where the threat would be in a consultation. The company would say that it was withdrawing the service, which would give time for another operator to come in before the service was lost.

Douglas Ferguson: Rather than being able to enforce something through the consultation, it would be almost a last-ditch attempt to convince the company to change its mind. There would be value in giving a community an opportunity to tell the company that it thought that the company had got it wrong. The company might sit back and think that it might have got it wrong, and reverse its commercial decision to withdraw the service.

Bruce Crawford: Where would the threats be that you talked about earlier in terms of commercial and confidence issues? If a company announced its intention to withdraw a service, and it did withdraw, that would allow another company to come in.

Douglas Ferguson: I was assuming that the consultation process would come before a change in the service was registered. If the consultation came after that, it would probably be too late, because the traffic commissioner would then act on the company's decision.

The Convener: I almost tempted fate by saying "finally", because I see that Paul Martin wants to speak.

Paul Martin: On Douglas Ferguson's point about the traffic commissioner effectively enforcing a commercial decision, does he accept that the uniqueness of the transport framework must also be considered? I appreciate that the traffic commissioner's decisions have commercial implications, but not every business has a commissioner or receives the public subsidy that is invested in bus transport. Surely another aspect must be considered. We are not talking about a supermarket or a hotel, but about a business that receives substantial public moneys. Surely the traffic commissioner can tell a company that receives substantial public funds that it must implement his decision.

Douglas Ferguson: That goes back to our fundamental starting point, which is that we believe that bus services are part of the social fabric of a city in the same way that, for example, libraries, education and hospitals are. We feel that bus services should be provided for a city as part of that general facility. However, our view is that the Transport Act 1985 fundamentally changed that situation. The 1985 act in effect took the view that bus services were like supermarkets and should be provided at a level that the private sector decided was right for it to make money from. The underlying legislation that governs most of the provisions of the Transport (Scotland) Act 2001 is the 1985 act—that is the difficulty.

Paul Martin: There is a difference between a supermarket and a bus service; a supermarket does not receive the same level of public subsidy.

Douglas Ferguson: I agree. That is why I am saying that I think that the situation should be changed.

The Convener: Okay. I thank Douglas Ferguson and George Heaney for their evidence.

Before we take the next panel of witnesses, we will have a five-minute break.

12:06

Meeting suspended.

12:16

On resuming—

The Convener: I call the meeting to order and thank members for returning promptly. Our next witness is Andy Preece of the National Federation of Bus Users. I understand that he represents Glasgow on the federation. I invite him to make introductory remarks to the committee before we ask questions.

Andy Preece (National Federation of Bus Users): Thank you for inviting me here today.

The Convener: It might be better if you were to sit a bit closer to the microphone.

Tommy Sheridan: Convener, a number of members of the public have said that they are having difficulty hearing the proceedings, so perhaps everybody should speak up a bit more.

The Convener: I ask everybody to speak up and to sit a bit closer to the microphones.

Andy Preece: The National Federation of Bus Users is a national voluntary organisation that was set up to represent the views of passengers to Government, local government and the operators. We do that through a number of means, such as lobbying and bus-user surgeries, in which we invite bus users to come along and speak to bus company management for a day. We will have one such surgery in Glasgow this Saturday. Bus-user surgeries are a good way of allowing people to express directly to bus company management what they think of services—for example, what could be provided that is not being provided and what is good at the moment but could be improved—and they allow managers to speak with their customers in a way that they would not normally be able to. Through a bus-user surgery, somebody might raise an issue about which they would not bother to write a letter, but it might be a significant issue with which the bus company can run.

I have been involved with the NFBU for a number of years. I live in Glasgow and use buses in the Glasgow area, so I know what is going on and have taken an active interest in the service for the past few years. I have also been involved in Glasgow City Council's consultation on what the new quality bus corridors will be like—for example, where bus lanes will be provided and where to move bus stops to.

The Convener: I know that you listened to much of the evidence that we have taken today. In the course of that evidence, some of my colleagues who represent areas of Glasgow have expressed concerns about the changes to bus services in the city. In particular, some bus users who are not serviced by the main highly profitable routes have been losing in out recent years. Have Glasgow bus users been raising that issue through you and the NFBU?

You may have heard the witnesses from FirstBus say that they are getting feedback from bus users in Glasgow to the effect that walking a bit further to a bus stop is not a big problem if there is greater frequency of buses. You may also have heard that the Mobility Access Committee for Scotland contradicted that view. I raised the fact that MACS has said that for many elderly people and people who have mobility problems, their distance from a bus stop is important.

Andy Preece: On the second point, people are not writing in to say that that they prefer to walk further to a bus stop; they are choosing to do so in order to access more frequent bus services. I think that you slightly misunderstand the point that was made earlier. The point was that the bus route that serves a scheme or whatever does not fulfil what people want from a bus service. The frequency might be only once every half hour and so people chose to walk to a bus stop on a route that has a five-minute service frequency out on the main road. We are concerned that people who cannot walk the extra distance are getting poorer service.

There are a number of areas in Glasgow in which services are not what they could be. For example, although people in Bilsland Drive have a frequent service to Partick and Springburn, they have some distance to walk to the nearest bus stop for a bus into the city centre. Obviously, people can change buses, but that involves walking further and waiting for more time between buses. Can you remind me of the first part of the question?

The Convener: You have covered the two issues that I raised. The first was whether bus users in Glasgow were expressing to you concerns that routes that are not on the main thoroughfares are losing out because of service changes. The second issue concerned people with disabilities and older people. My question was whether those bus users are regularly raising issues through your organisation.

Andy Preece: That is a fair point. The majority of comments that we receive are not about the high-frequency services, but about the reliability of low-frequency services. Obviously, if a bus is scheduled to come only once in every half hour and one fails to turn up, people have to wait for an extra half an hour. If the frequency of service is every five minutes, people will not notice if one bus fails to turn up, because another one will come along.

The Convener: I have one more question after which I will bring in other members. Has the Transport (Scotland) Act 2001 produced benefits for bus users? I accept the widespread acknowledgement that the concessionary fares scheme is of benefit to many users. However, one of the issues that we are trying to explore is whether the act has had a more general benefit to users of bus services. Is that the case? If not, what further legislative changes are needed to stimulate change?

Andy Preece: In terms of the statutory quality partnerships and contracts, it is not possible to say that there have been benefits as no contracts have been implemented as yet. The act allows that, if an area has a failing service, a quality contract can be entered into. Prior to the act, the service would

simply have continued to fail. However, no contracts have been entered into and failing services are continuing to fail. The theoretical benefit of the act has not yet been achieved.

The Convener: Are there any specific legislative changes that you think should be pursued?

Andy Preece: Better enforcement is important. Many operators are running poor-quality buses, but no one is doing anything about it. Also, although it seems that some operators are not running services to timetable, the traffic commissioner does not have the resources to monitor things properly, which means that penalties are not imposed. I would rather see better enforcement than additional legislation.

Tommy Sheridan: I know that it can be nerve wracking to give evidence, but it would help if you pulled the black console towards you, as the sound does not carry that well.

I have a couple of questions. I am a big supporter of the idea of a national free concessionary travel scheme, which will help the citizens to whom it applies, especially those over 60. It will also have a knock-on effect and lead to an increase in other bus journeys by friends or relatives travelling with those people. I am surprised by the federation's opposition to a national concessionary travel scheme. Why is it opposed to such a scheme?

Andy Preece: The federation believes that money could be better spent on providing bus services where they do not currently exist, rather than on providing free travel to those who already have services. That is the main reason for the NFBU's opposition to the extension of the free scheme to England.

Tommy Sheridan: What are the decision-making processes in the federation? Is there a conference that meets, or do local areas have autonomy? Who makes the decisions? We question the idea that money spent to provide free concessionary travel to over-60s would not be of benefit to other users, particularly if the current arrangements were extended to a national scheme. All the evidence that we have heard suggests that extra routes and buses have been put on because of the extra bus-using traffic that has been generated by the concessionary travel scheme. How do you arrive at your decisions?

Andy Preece: There is a debate within the organisation about what is the best approach to concessions. I am quite happy with the free scheme.

Tommy Sheridan: So you must do your duty and speak on behalf of the organisation, although you may not agree with it. Bristow Muldoon

sometimes finds himself in that position with the Labour Party.

You have heard some of the discussion that we have had today about whether the service should be more or less regulated. You have heard the representatives of Strathclyde Passenger Transport say that they want a more regulated service, so that franchise agreements can be put in place. Has the federation discussed the issue in detail? Does it think that there is merit in having more transparent contracts and franchises that deliver a better-quality service?

Andy Preece: We are not convinced that regulation would provide all the extra benefits that some people claim for it. It might also cost a lot more and the money would have to be found from somewhere. Regulation might not provide as much as the commercial sector could provide on its own in an urban area such as Glasgow.

One of the big barriers to a commercial operator that wants to provide a good-quality service is the risk of being undercut by a smaller, cheaper operator that runs life-expired minibuses on routes and takes away part of the potential profits. If an operator, big or small, wants to run good-quality buses, it must be funded, which happens through the fare box. The fewer the fares that are available for operators to pick up, the poorer the quality of the vehicles that they can afford to buy. We support better enforcement of existing regulations to ensure that operators are competing on equal terms and that some are not running buses as and when they please and failing to provide back-up such as information, including both leaflets and bus stop information.

Tommy Sheridan: With the best will in the world, you are suggesting that the deregulation of the service is not working. To be frank, all the problems that you mention are a result of deregulation. I hope that the federation will have a further discussion. It might be interesting for the federation to invite a representative of Strathclyde Passenger Transport along to speak to it. Thank you for your comments.

The Convener: Some people in the public gallery are still having difficulty hearing the witness. I ask Andy Preece to draw the microphone a bit closer to him.

Bruce Crawford: You will have to start shouting—that is the only thing that you can do. If you are going against National Federation of Bus Users policy, you may need to shout at a whip in the organisation, similar to the whips in some of our organisations.

The concessionary scheme will be widened, but there is a debate about the future emphasis of the scheme. Does the NFBU consider that the emphasis should be on concessionary fares for

the elderly or on concessionary fares for the young? If you had to make a choice, where would you apply the resources? Should they be applied equitably across the board?

12:30

Andy Preece: The priority would be for the elderly and for those who are unable to get about. Obviously, there are also benefits in providing concessions for younger people on a social inclusion basis, but it would be rather more complicated to work that out. Perhaps it could be done according to whether a person claims income support. That might be one way of judging whether a person is eligible, but some people would lose out by being on the wrong side of the threshold and would still have to pay full fares.

Bruce Crawford: My next question is about access for people who have mobility impairment or impairment through problems with their eyesight, for example. Obviously, extra money will go into the concessionary scheme. What is your view of the changes that have so far been made to the bus stock through adaptations such as lower floors? What else could be done?

Andy Preece: Obviously, low-floor buses have provided a great boost for bus passengers. Buses are now accessible. Come the full implementation of the Disability Discrimination Act 1995, all buses should be accessible. That will take time, however. Part of the problem is that there are no milestones along the way. As far as I am aware, there is no requirement for operators to have half their fleet accessible at any point—there is just one cut-off point some years distant. Some operators are not working towards that point; other operators are, but they are being hindered by the other guys undercutting them.

Pauline McNeill: I will ask you about customer services in respect of reliability and lateness of buses. How easy is it for a member of the public to complain that a service has continually not appeared?

Andy Preece: That depends on how willing the company is to listen to complaints. The larger companies will generally listen to complaints, whereas smaller companies might ignore a complaint. However, there is now the Bus User Complaints Tribunal, which will look into an unresolved complaint that someone has brought to it. That is a great benefit to passengers in Scotland.

Pauline McNeill: Should the process be made easier for the public? Would it be better for the general public if there was a central point at which someone could complain if, for example, a Sunday service continually failed to turn up?

Andy Preece: The current approach is that the person should first complain to the company that is meant to be running the service. If they do not get satisfaction from that complaint, they should complain to the BUCT, which is a central service for the whole of Scotland and is based in Edinburgh.

Pauline McNeill: Would the person appear before the tribunal or is it a paper exercise?

Andy Preece: The passenger would write in and give details of their complaint. The tribunal would sit to consider whether the complaint had any merit and whether the operator had to be pulled up.

Pauline McNeill: Let us suppose that the accusation is that the bus has failed to turn up on, for example, three consecutive Sundays. What level of evidence would be required to show that that was the case?

Andy Preece: The operator would be asked to provide evidence that the service ran. If it did not run and the operator was continually failing to run the service, the traffic commissioner would be able to impose fines or whatever penalty on the operator.

Pauline McNeill: Does that tend to happen?

Andy Preece: It does not happen very often. From what I know, the traffic commissioner does not have a great deal of resource to go out and monitor services.

Pauline McNeill: Is there a case for strengthening the whole procedure, to give the public confidence that, if they complain with a legitimate concern, somebody will resolve that complaint? I am sure that one of the reasons why people do not complain is that they think that there is no point.

Andy Preece: That is right. People want to see something happening as a result of their complaint; they want to see that, from there on, the service will operate correctly. The current set-up is not able to do that, particularly given the resources of the traffic commissioner.

David Mundell: Does the NFBU have any views on encouraging people who do not currently use bus services to do so? What would make people consider using bus services if they do not currently do so?

Andy Preece: The federation runs a scheme called the welcome aboard award, which highlights examples of good practice. There is also an award for the operator of the year, which was recently won by Lothian Buses. That can obviously generate publicity for the bus company and, where things are good, it can show just how good they are. However, trying to get the media interested in

a story about buses is not always easy, so relaying information to the public is harder than it might be if it were about a different subject.

David Mundell: Do you have views on any specific measures that would encourage greater bus use by people who do not currently consider getting on a bus?

Andy Preece: As I said, lack of knowledge of what is available is quite high among non-bus users. Breaking down those barriers is sometimes a difficult task, particularly where there are just ordinary bus services. If there is something flashy, such as a tram system or a new railway line, there is always loads of publicity, so people find out about it, but additional bus services rarely attract that sort of attention.

The Convener: That brings us to the end of the questions that we have for Andy Preece.

Andy Preece: Could I just make a couple of points?

The Convener: Sure.

Andy Preece: I wanted to mention bus stop information. I said in my submission that First has fairly good bus stop information. However, since the most recent service changes, that does not seem to have been restored in quite the way that it was after previous changes. I hope that First will be able to get the additional timetable posters up, but so far there are a lot of blank spaces and a lot of the new timetable boards remain empty, although they should have timetables in them by this stage.

I also wanted to pick up on a point that Tommy Sheridan made about the McKindless 31 service and the evidence from the Strathclyde PTA. According to the SPTA's submission, the lower figure is the current figure and the higher figure is the old figure. The two got swapped about and that was not picked up, but the service appears to be operating with less subsidy rather than with more subsidy now that the daytime service is being operated commercially.

The Convener: I think that that is the case, but the other point that SPT made was that there was a loss of interchangeability of tickets.

Andy Preece: That is obviously to the detriment of the service.

Tommy Sheridan: The service that is running without subsidy is not providing the same level of service as that which was running previously. SPT now has to pay for evening and Sunday services and it is having to pay £122,000 a year for that.

Andy Preece: No, that is my point. It is paying £83,000—

Tommy Sheridan: Sorry. It has to pay £83,000 a year for evenings and Sundays only, compared with £122,000 a year for a whole-week service.

The Convener: That is correct.

The issue that you raised about the timetable information has been a running theme today. There seems to be some debate between the bus companies and SPT about the current situation. I am sure that, after today, each of the organisations will reflect on the evidence. I hope that the situation will be resolved in the way in which you would like and that people will get accurate information at bus stops throughout Glasgow.

Andy Preece: On the subject of information, it would be nice if the Traveline Scotland service had information about all bus services and not just the ones that the bus companies have told it about. It is amazing that it does not know about all the services of the operators that are registered with the traffic commissioner. Rather than relying on operators to tell Traveline, we perhaps need a better flow of information between the traffic commissioner and Traveline.

The Convener: Okay. I take that point on board.

Thank you for your evidence. It has been very useful—*[Interruption.]* Only committee members or witnesses can contribute at this stage, but this afternoon we will have a public participation session, when members of the public can make their points. I ask the public to save their points up and we will be happy to listen to them this afternoon.

We move on to our final panel in the formal committee session. We have with us Iain Greenshields, who is the project manager for Glasgow City Council. I invite Iain to make some introductory remarks to the committee, to be followed by questions and answers.

Iain Greenshields (Glasgow City Council): Good afternoon. I am project manager for Glasgow City Council's quality bus corridor project. I have been asked to give information on the partnership that we have entered into with FirstGroup, which, as has already been said, is not a partnership constituted under the Transport (Scotland) Act 2001 but a formal partnership backed up by a legal minute of agreement. My submission sets out the background and scope of the partnership and identifies the fact that it is working well. I am happy to answer any questions on that.

Michael McMahon: I am interested in Glasgow City Council's view on the impact of the proposed changes to the structure of SPT within the new strategic transport authority.

Iain Greenshields: I am sure that Glasgow City Council has a view, but I cannot answer on that today. My role as project manager is to develop and implement the existing quality bus corridor project.

Michael McMahon: Does Glasgow City Council have relationships with neighbouring authorities, whereby it will take an overview of public transport provision in the area?

Iain Greenshields: Yes. Glasgow City Council participates in the west of Scotland transport partnership; indeed, one of our quality bus corridors extends into West Dunbartonshire, so we are in partnership with the authority there.

Michael McMahon: As someone who represents a constituency in Lanarkshire, I have complained to SPT on a number of occasions about the fact that there is a feeling that, in the broader sense, SPT is too Glasgow-centric, in that it focuses too much on providing services into the city. As I have mentioned—Tommy, I have to follow this line—it is easy to get from towns in Lanarkshire into Glasgow, but it is difficult to get between towns in Lanarkshire and it is difficult to operate bus services in the towns in Lanarkshire. In their evidence this morning, the representatives of SPT consistently referred to the needs of the city. Do you detect from the neighbouring local authorities that too much emphasis is put on Glasgow? If so, does that cause you any problems?

12:45

Iain Greenshields: I will give the example of the quality bus partnership that we have with First. We have worked on that with SPT, which has been very supportive. However, none of the funding comes from SPT; it comes from the public transport fund, Glasgow City Council and First. There is no evidence that SPT funding is going into the quality bus corridors in Glasgow.

Michael McMahon: But do you experience any difficulties in relationships outwith Glasgow because of the perception that Glasgow benefits from a Glasgow-centric attitude in SPT?

Iain Greenshields: No.

The Convener: An unsurprising answer, Michael.

Michael McMahon: Yes.

The Convener: I note in your paper, Mr Greenshields, that one of the corridor routes goes into the West Dunbartonshire Council area. In the development of working relationships, I am sure that Glasgow City Council would acknowledge that congestion in Glasgow would be reduced if more people who travel from outside to work in Glasgow

were using the bus or train. Would you expect other such corridor initiatives with the other local authorities that surround Glasgow?

Iain Greenshields: I would hope so, yes. The work in Glasgow on bus priorities was initially on the main radial routes into the city centre. From that work, we realised that, because a lot of bus routes do not just come into the city centre but go through it and on towards the other end of Glasgow and beyond, there is no point in working on one section of the route if the buses are then caught up in congestion elsewhere. If that happened, the bus operators would not be able to take advantage of the corridors.

The first quality bus corridor that we implemented goes into West Dunbartonshire because it is based on a frequently used bus route. Although we are working with First, other operators are free to come in and use the corridor, as indeed they do—although not necessarily along its full length. Operators from Lanarkshire use the routes as well. We have one example of working in partnership with an adjacent authority, but all the work that we do provides benefits for operators who are extending into adjacent areas as well. That work can be built on in future.

Tommy Sheridan: Convener, I cannot understand Michael McMahon's line of questioning; I thought that all roads led to Glasgow anyway.

Michael McMahon: Unfortunately, that is true, Tommy—you have just made my point.

Tommy Sheridan: Any SPT funding spent in Glasgow is well spent.

Michael McMahon: Again, you have made my point for me.

The Convener: No heckling.

Tommy Sheridan: Mr Greenshields, can you convince the committee that the bus corridor initiative has sufficient flexibility to take community views into account? As you well know, in some parts of Glasgow there is a strong argument that the introduction of bus corridors has led to a serious problem for local businesses, which have lost casual and drop-off trade because cars cannot park. In one part of Paisley Road West on the south side, a radical change was made to the original plan because a small community was threatened—and a lot of the areas affected by corridors are small communities. Are you confident that the approach of Glasgow City Council will be sufficiently flexible and not offer a one-size-fits-all solution? Serious problems can arise.

Iain Greenshields: A major problem that we had to overcome was that many people felt that a quality bus corridor would be a bus lane end-to-end for 24 hours and that that would be

detrimental to their areas. We have gone to great lengths to consult communities, in addition to the normal statutory process. That has extended the timescale for implementation. One of our difficulties was that initial funding was for a three-year period and that, at the start, some communities said, "Oh. A quality bus corridor? That means no parking and shops dying."

We went to great lengths to consult in local areas. For example, one of the first petitions to the new Public Petitions Committee was against the quality bus corridors through Shettleston, and that was before detailed proposals had been developed. However, we worked with concerned traders there and tried to convince people that the issue was not only bus priority—we also wanted to assist and sustain local communities and consider parking and loading provision at shops. At the end of that long process, there were no objections to our statutory consultation for the quality bus corridor proposals in Shettleston, which were eventually advertised. One problem was the spread of misinformation about what was being proposed. We had to put together a package and seek funding before starting the detailed consultation, as there is no point in consulting on proposals if there is no money to implement them.

We are aware of the issue that Tommy Sheridan raises. We want to be seen to be consulting, although we will never convince everybody that we have done so. People still come to us and say that they did not hear anything about the consultation. Even after much information in the press, parliamentary petitions and so on, there are always people who say that they did not know anything about the proposals. Consultation, consultation, consultation is what we have tried to have before the statutory process. We appreciate that we will never make everybody happy, but we are aware that we must try to sustain local shops. That is very much part of the process. Twenty-four-hour bus lanes over long distances are not a significant part of the proposals. Over time, we are trying to get the message across that there are many other aspects to quality bus corridors. They do not have to have a bus lane.

Tommy Sheridan: You will appreciate that much of the initial opposition was informed by the schemes in Maryhill, Partick and Govanhill, where bus lanes appeared to be end-to-end facilities that removed car parking and had a deleterious effect on business. You have had the opportunity to explain that that is not all that the proposals entailed. Nonetheless, that was the initial feeling.

Iain Greenshields: Yes. That perception was one of the things from which we suffered. There were arguments about what were the effects of the bus lanes and what were the effects of a number of supermarkets that had opened. In the initial

voluntary consultation, some of our ideas involved trying to reduce through-traffic in shopping areas in Shettleston and Partick; we thought that perhaps people wanted a wee bit less traffic in such places. However, the strong message that came back from the traders was that they wanted passing trade and parking. The detailed proposals have changed not in respect of the ultimate objectives, but in respect of what was initially in the outline consultation plans.

Tommy Sheridan: My final question perhaps also relates to perceptions, but there is some reality. The areas that were originally picked for quality bus partnerships and corridors tended to be reasonably well served by buses. Again, I use the example of Paisley Road West, where there are regular buses and a big choice over the full 24 hours. Other parts of Glasgow are not as well served. Is there a plan to take the quality bus corridors out of the main thoroughfares and into the more outlying areas of Glasgow in which there is a lack of regular buses?

Iain Greenshields: Glasgow City Council is the local roads authority and the main reason for the project is to support our transport policies, which aim to prevent ever-increasing traffic growth and a spiralling decline in bus use. We are trying to treat areas in which there is most congestion, which affects buses, and to provide benefits to places where most users and potential users are. As a result, we are focusing on routes that are currently most heavily used by buses. In some areas, routes extend right into housing schemes, but in general we are concentrating on the main radial routes. That is because, in dealing with traffic management, we are trying to give buses greater priority and to make conditions more reliable for them. We are not trying to make things worse for cars; we are trying to give the buses more of an advantage and to make them more reliable. It seems to make sense to do that on the routes where there are problems at the moment and where the potential users are.

Bruce Crawford: As a Fifer, I do not want to intrude on some sort of Glasgow versus Lanarkshire problem. Nevertheless, what has been said is very interesting, because what is happening in Glasgow is very similar to what is happening in other parts of the country.

You talked about the quality bus partnerships and the formal contract and you emphasised the fact that you are doing a lot of the work that it was envisaged would be done through quality contracts. Why did you not choose the quality contract route while still having a formal contract with the operators? I am trying to understand the nuances.

Iain Greenshields: That goes back to 1998 or 1999 when the Scottish Office created the public

transport fund and we were encouraged to make bids for funding in partnership with operators. The 2001 act was not in place at that time although its contents were being discussed. By the time we had agreed the principles of a partnership and committed our initial funding, the legislation on quality contracts and bus quality partnerships was either not yet in place or had just come in. I mentioned the difficulties that we faced with consultation and getting the funding spent in the windows available. As I said, I do not think that the legislation was in place when we started and doing the extra formal consultation would have added a lot of time on to the process. At the time, the bus operators knew that the legislation was coming in. Had we not gone into the partnership, we might have been in a different position now, but we went down the partnership route on a voluntary basis. That has worked and there has been no pressing need to alter it.

Bruce Crawford: Correct me if I am wrong, but I sense that, if a statutory quality contract process had been in place, what is happening now might not have happened.

Iain Greenshields: My feeling is that many bus operators and local authorities would prefer the voluntary arrangements to work. We might well have gone down the same route regardless, but, had nothing happened, I think that there would have been more pressure to do so.

Bruce Crawford: I want to go off in a different direction. I am not sure whether you were here earlier when Brian Souter gave his interesting evidence.

Iain Greenshields: I was here.

Bruce Crawford: He talked about the need to have park-and-ride sites further out from the existing sites that have already been identified. I guess that that will affect Glasgow, too. Given what you said about ever-increasing traffic in the city and the problems of achieving a modal shift and getting people on to the buses, what discussions are you having with neighbouring authorities about where those park-and-ride sites could be located? How difficult is it for Glasgow City Council to influence the authorities on its periphery and to get them to recognise its traffic problems and come up with imaginative solutions?

Iain Greenshields: Part of Glasgow City Council's transport policy is to encourage park and ride within Glasgow. There are bigger benefits if the park-and-ride sites are located further out. A lot of park and ride has already been provided at railway stations in Glasgow, but there are limited opportunities in Glasgow itself. Discussions about park and ride elsewhere are done through WESTRANS in discussion with SPT. That is really the only forum.

Bruce Crawford: Is that a successful forum? Are there problems? If you cannot answer those questions today, it might be useful if we could have some written evidence. Given what we are hearing from the bus operators, the issue could be a key one for the future.

Iain Greenshields: There is not much evidence to date of new, large park-and-ride sites being established. I could not answer the question about how successful the discussions are at WESTRANS.

13:00

David Mundell: I have a short practical question. Has there been any research on the number of people moving in the corridors compared with the number before the corridors were introduced? I am thinking of the number of people in cars or other vehicles and the number of people on the buses.

Iain Greenshields: As part of the process, we will monitor traffic volumes before and after the schemes are implemented. Given our partnership with First, we have access to information from its passenger surveys. Surveys will be done afterwards. There might be four years between our starting the initial consultation, implementing the schemes, seeing them settle down and having changes take place. That is happening in a number of corridors in Glasgow. Other roadworks are going on and supermarkets are being built. It is difficult to isolate the effect of the quality bus corridor from everything else, but monitoring is certainly taking place.

David Mundell: Is there any initial information from that?

Iain Greenshields: Although some of the measures have been in place for a couple of years, the first complete corridor will not be finished until January or February next year, which is when the real-time information side of the system will come on line. An awful lot of work is to be done next year. First has increased the frequency of its services and has put on a lot of new buses, through which it is identifying passenger growth. A lot of the measures are still to come, so we are not at the stage of being able to provide monitoring information on them.

The Convener: That brings us to the end of this evidence-taking session. Thank you for your evidence, Mr Greenshields.

I thank the members of the public who have come along to hear the evidence this morning. This afternoon we would very much like to hear from you. If any of you have not registered, please sign in outside, where lunch is provided.

I reckon that most people here will be from the greater Glasgow area. Despite the fact that we do not all represent Glasgow constituencies, I assure you that we are interested in hearing your views. We all have some connection with the city. Paul Martin, who will be back this afternoon, and Tommy Sheridan represent Glasgow. David Mundell worked in Glasgow for a number of years. In spite of Michael McMahon's Lanarkshire connections, he supports one of the big Glasgow football teams, but I will not say which one. Bruce Crawford supports a football team that wins in Glasgow only when Partick Thistle is in the premier league.

We are keen to hear your views this afternoon, because they will help to inform our considerations about improving bus services throughout Scotland.

Meeting closed at 13:03.

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