

LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

Tuesday 26 October 2004

Session 2

£5.00

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2004.

Applications for reproduction should be made in writing to the Licensing Division,
Her Majesty's Stationery Office, St Clements House, 2-16 Colegate, Norwich NR3 1BQ
Fax 01603 723000, which is administering the copyright on behalf of the Scottish Parliamentary Corporate
Body.

Produced and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by Astron.

CONTENTS

Tuesday 26 October 2004

Col.

| | |
|--|-------------|
| TRANSPORT (SCOTLAND) ACT 2001 INQUIRY | 1231 |
|--|-------------|

LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

22nd 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 Bruce McFee (West of Scotland) (SNP)

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

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

*attended

THE FOLLOWING GAVE EVIDENCE:

Joan Aitken (Traffic Commissioner for Scotland)

Jim Gardner (Strathclyde Scottish Omnibuses Ltd)

Clare Kavanagh (Transport for London)

Lesley Millar (Association of Transport Co-ordinating Officers (Scotland))

Roy Mitchell (Association of Transport Co-ordinating Officers (Scotland))

Charlie Mullen (Strathclyde Scottish Omnibuses Ltd)

David Taylor (Association of Transport Co-ordinating Officers (Scotland))

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Alastair Macfie

ASSISTANT CLERK

Euan Donald

LOCATION

Committee Room 2

Scottish Parliament

Local Government and Transport Committee

Tuesday 26 October 2004

[THE CONVENER *opened the meeting at 14:09*]

Transport (Scotland) Act 2001 Inquiry

The Convener (Bristow Muldoon): Welcome to the 22nd meeting of the Local Government and Transport Committee this year. Today we continue our inquiry into the Transport (Scotland) Act 2001, in particular the impact that it has had on public transport and the provision of bus services throughout Scotland.

On our first panel of witnesses, we have Jim Gardner and Charlie Mullen, respectively the commercial manager and managing director of Strathclyde Scottish Omnibuses. Before we ask questions, I give them the opportunity to make some introductory remarks.

Charlie Mullen (Strathclyde Scottish Omnibuses Ltd): I will do so, but they will not be extensive.

Thank you for your invitation to attend this meeting of the committee. It is not our intention to make an elaborate opening statement as we have previously submitted a written statement to the committee that outlines details of our company and our approach to and views on the matters that were outlined in the committee's letter of invitation dated 11 October. We would like to highlight the fact that the submission represents our views as regards local bus services in our operating area and does not in any way reflect matters prevailing in our industry in the rest of Scotland.

Dr Sylvia Jackson (Stirling) (Lab): Thank you for your written submission. On quality partnerships, you say that you are involved in a number of voluntary agreements. Could you tell us a bit about your views on formal quality partnerships? We know that you are not involved in any, but do you think that your not having them has had a detrimental effect on passengers? Could you explain your thinking in that regard?

Charlie Mullen: It would be difficult for our company to assess whether there has been a detrimental effect on passengers, because our local bus operations in the Strathclyde area have experienced passenger growth. I am unable to say whether we would have greater passenger growth

if we had a formal quality contract. We do not have one because, from the business perspective, there has been no opportunity to develop or introduce one.

Dr Jackson: Might there be improvements to the quality of service if there were a formal quality partnership?

Charlie Mullen: At the margin, there is always room for improvement.

Dr Jackson: In relation to what?

Charlie Mullen: In relation to the quality of vehicles and bus priority measures for access, for example. We do not operate in the same sort of environment that can be found in Glasgow and Edinburgh, but access into and out of Dundee at peak periods is becoming more difficult. A significant number of our services are interurban. There is scope for improvements such as infrastructure and vehicle improvements at the margin. However, they would require funding.

Michael McMahon (Hamilton North and Bellshill) (Lab): Your submission says that local authorities tend to choose the "cheapest option" when awarding tenders for socially necessary bus services. Could you expand on that? Specifically, what impact does that have on the quality of the buses and the service that you provide?

Jim Gardner (Strathclyde Scottish Omnibuses Ltd): Basically, we have a set number of buses that we operate on the main core routes—to make life simple, imagine that the frequency of such services is hourly. At times such as the peak periods, a bus will come on to make the frequency of such services every half hour. However, that bus will previously have been used on a school contract, which dictates the size of bus, the type of bus, whether it has seatbelts and so on. That may not be ideal for some old biddy who wants to get on the bus. In order to get round that, we need to keep two buses—one for the school run and one for the extra, enhanced peak service, which will require funding. At the moment, where we use one full-spec, high-quality bus, two will be required, and we will still have to do our school run. Some of the vehicles that are run off-peak are used as school buses during peak periods. They are not the buses that one would want for an all-day service. It is a case of balancing the two. A new bus has to be funded at some point. We are still then left with providing—

14:15

Michael McMahon: But you feel that if you did not tender purely on the basis of providing the cheapest service, you would not get the contract. Is an element of best value built into the contracts, so that quality can be retained in the service?

Jim Gardner: Latterly, that has been the case. We have put in alternative bids. We have put in bids for school buses and bids with low-floor buses to be used on a certain amount of journeys. The councils have on a few occasions chosen the best-value bid, which has not necessarily been the cheapest one.

Michael McMahon: So contracts are not necessarily awarded purely on an economic basis.

Jim Gardner: Not necessarily, no. Right at the start, they were awarded purely on an economic basis, but now everybody realises that by working together services can be enhanced at the cheaper end without going overboard.

Iain Smith (North East Fife) (LD): In your submission you state that 52 per cent of your operating bus fleet is less than six years old, but that 76 per cent of your commercial bus fleet is less than six years old. Does that mean that your non-commercial, contract buses are of a poorer quality and older than those in your commercial fleet? If so, is there a reason for that?

Charlie Mullen: I would not say that they are of a poorer quality—they are all the same quality—but they are elderly.

Iain Smith: Is there a reason for that? Is it cheaper to provide older buses?

Charlie Mullen: It is due to a combination of the issues that Jim Gardner raised. The history of the situation is that predominantly school buses tend to be used off-peak to enhance local bus services, whereas the commercial fleet is quite new and modern.

Iain Smith: Is it the case that you renew your commercial fleet, and every so often you bump vehicles from it down to the non-commercial fleet so that you can buy new ones?

Charlie Mullen: Yes, there is a cascading effect.

Iain Smith: So the council is getting the older fleet.

Charlie Mullen: No. The council has an alternative. The council has the scope to specify the use of brand new vehicles, but it does not do so.

David Mundell (South of Scotland) (Con): In your submission you refer to the impact of poor management of road maintenance, including roadworks, and congestion on your services. Could you expand on that and on the accountability issue, and outline what you think might be done to ease the problems?

Charlie Mullen: Thank you for raising that point. Last week at Strathtay was unbelievable because BEAR Scotland, which is responsible for the trunk

road network, opened up the A90 approaching Dundee from the west. Nobody had any advance notice of that and it caused delays of up to three hours. It was ironic that we had arranged to meet members of Perth and Kinross Council public transport unit at our premises in Dundee, as they arrived an hour late because they were unaware of the roadworks. The committee will know that bus companies are legally obliged to run to timetable, but the situation was chaotic.

On the east side of Dundee last week, Scottish Water opened up an arterial route. We understand that roadworks cause delays, but all we are looking for is accountability and for such works to be managed. We were assured by the director of roads and transport in Dundee that arterial routes and traffic flows would be managed in peak periods to minimise delays. However, we were experiencing delays of up to one hour. I received a letter from the director today, in which he says, "Don't contact me, contact my assistant," but when we contacted his assistant last week, he accepted that there would be an hour's delay. We cannot accept such a delay.

You and I know that the investment in Dundee in state-of-the-art, real-time technology and global positioning systems vehicle monitoring stands for nothing unless we offer a reliable service. As I said in my statistical blab, we generally offer a reliable service, but there seems to be a lack of accountability and responsibility for controlling roadworks at peak times. I am talking about Dundee, which I appreciate is not Edinburgh or Glasgow, but that is the biggest difficulty that we encounter in ensuring that our services run to time.

David Mundell: Is there no mechanism to raise such issues?

Charlie Mullen: We get hit with legislation—statutory bodies just arrive and dig up the road. I appreciate that water pipes burst and emergency situations arise, but that is not always the case. For example, two years ago on the western edge of Dundee, a set of completely unmanned traffic lights was in place for eight months to allow eight executive houses to be built. When we phone the council, it says that Scottish Water is a statutory body and has extreme powers. From a bus operator's point of view, there is a void of responsibility and accountability on roadworks. I appreciate that it might be selfish to see the issue from an operator's point of view, but we are here to provide bus services and we are in a difficult situation.

David Mundell: Is there no forum in which such issues are discussed?

Jim Gardner: BEAR Scotland is supposed to provide that. I do not know whether this happens

in all the divisions, but whenever there are to be roadworks north of North Water bridge, which takes us into Aberdeenshire, there is always a meeting three weeks beforehand, so that we can find out which junctions will be closed and so on. However, on the occasion in the Perth and Kinross division area that Charlie Mullen mentioned, nothing happened. The first that anybody knew about the roadworks was when the road was coned off. The contractors went away but, unfortunately, they could not take the cones with them because they had dug so many holes. We had to live with that for about three or four operational days. We had to use extra resources to ensure that the buses on one side of the city were not affected by the roadworks on the other side. If we had known up front, three weeks beforehand, we could have done a bit of preparation and worked out what to do, but we did not get that opportunity.

David Mundell: How do roadworks impact on the public's attitude to using buses? Are people not more inclined to go on the bus if they think that the whole route will be snarled up?

Jim Gardner: People in Longforgan probably decided that they were not going to sit on the bus for 45 minutes and took their cars instead, but that just added to the congestion. They might have used the back road through Kingoodie, but that also becomes blocked and the situation became a nightmare. If roadworks are planned up front and the public are told what is going to happen, people might make other arrangements, perhaps by getting two or three people in one car to help out. People might get the bus if they thought that it would get priority. However, on the occasion that I am talking about, our buses were stuck in the queue along with the rest of the traffic.

Advance notice of roadworks on the A90 is also useful for lorries, because they can go north by the Coupar Angus road, which takes them off the A90. Sadly, there was no such notice. The roadworks had an impact on the bus service. Folk do not want to sit on the bus for 45 minutes or an hour and 10 minutes for what should be a 25-minute journey.

David Mundell: On the general point, are you saying that if people think that there will be serious congestion, they choose to take their car to sit in for the hour or whatever?

Jim Gardner: Sadly, that seems to be the case and it just makes things worse. At least they can sit with their music or with someone they know, but if they are on a bus with a load of noisy school kids, that can be off-putting.

Charlie Mullen: The facility that the car offers is, to coin a phrase, that it allows people to adopt their own rat run and avoid the congestion.

Obviously, buses have to stick to their registered route.

The Convener: You may be aware that the forthcoming transport bill will include provisions to try to get greater co-ordination on street works and roadworks between local authorities and utility companies.

Charlie Mullen: Excellent.

The Convener: In your perception, who creates the greater part of the unplanned roadworks problem? Is it the trunk road users, the local authorities or the utility companies, or a combination of all three?

Charlie Mullen: It is a combination of all three.

The Convener: So you do not perceive any of the three groups to be worse than the others.

Charlie Mullen: There seems to be a complete void. When we complain to one organisation or attempt to get action to manage the situation, we end up almost bouncing round in an eternal triangle. It is completely frustrating. We appreciate that roadworks will exist and that roads have to be maintained, but it is the managing of the situation that we would like to see improved. If you are providing legislation to assist with that, that is fantastic.

Paul Martin (Glasgow Springburn) (Lab): I would like to raise a couple of questions about concessionary fares. You said in your evidence that you were reimbursed between 45 per cent and 63 per cent of the cost of carrying passengers who pay concessionary fares. What is the impact on the service that you can deliver as a result of receiving a reimbursement of only up to 63 per cent?

Charlie Mullen: The evidence is slightly historical, but the impact obviously restricts development. The committee has received previous submissions on that, and we concur with those submissions. In some regions, it means that buses have to carry two-and-a-bit passengers to receive the value of one passenger, which leads to problems with capacity and replacement of assets that are not properly funded during their commercial life. That is what we are talking about. Balanced against that, we accept that travel is generated because of the free discount that is offered.

However, we have never accepted the full principle behind the reimbursement, which was designed when the bus industry was in public ownership—whether through the National Bus Company, the Scottish Bus Group or the municipals—when asset replacement funding was merely transferred between two bodies. We do not accept that the way in which concessionary fares schemes have historically been reimbursed is an

appropriate way of reimbursing the bus companies to ensure that investment continues.

Paul Martin: What do you believe the reimbursement amount should actually be? You said that it is up to 63 per cent, so you are obviously concerned about that. However, we should take the volume aspect into consideration, because the only reason you receive income in the first place is that the scheme is in operation.

Charlie Mullen: We fully understand that, but we are also providing a service for that income. We have a mix of services. We are talking predominantly about the city of Dundee, where we have interurban services, but we also have some rural services where the loading could be only four passengers—they could be four concessionary passengers. In some rural communities, there is no generation of income and such services are a lifeline, but the scheme is applied uniformly. It is assumed that the income generated in some hamlet in Angus will be the same as that generated in Dundee, which is crazy. That degree of underfunding obviously has an effect on the level of service and on the style and type of vehicle provided.

Paul Martin: Is there an issue in the transport industry about taking the good with the bad? That is a question that I have asked other witnesses. I appreciate some of the difficulties that you may have in rural areas, because of the way the statistics stack up, but I take it that you are making a significant profit in urban communities. Does one not balance the other?

Charlie Mullen: I can speak only about Strathclyde, but I cannot believe that we would make a profit on any single route based solely on concessionary usage at those reimbursement levels.

Paul Martin: I appreciate that, but it is important to acknowledge that there is additional volume overall, whichever way you look at it.

Charlie Mullen: We are not denying that.

Paul Martin: We still do not have a figure for the percentage that you think should be reimbursed.

Charlie Mullen: Believe me, it is not an exact science. I think that that is why bus companies have great difficulty in assessing the level of reimbursements, because without them the flow to the bottom line does not necessarily track through every route in a similar manner. Usage on one route is not the same as it is on another, so it is a difficult and complex subject.

Paul Martin: One of the Executive's commitments is to introduce a concessionary fares scheme for young people. What are your views on how that would operate? Do you foresee any difficulties in the operation of that scheme?

Charlie Mullen: We would fully embrace any extension of concessionary travel if it was appropriately funded and if the company was reimbursed.

Paul Martin: Do you have the same concerns about the reimbursement percentage?

Charlie Mullen: Yes. However, if it is a national objective, we will have to address those concerns. The 16 individual schemes have caused problems in themselves. The move to a national scheme might eliminate many of the unnecessary problems that are associated with concessionary fare reimbursement.

Paul Martin: Would introducing such a scheme result in more users making greater use of public transport in future generations? Would it encourage a greater take-up of public transport, as has been the case with the concessionary fares scheme for the elderly?

Charlie Mullen: I would certainly like to think so, although I appreciate that young people are different in that they will move on to become a bit more affluent and may have higher aspirations. However, I do not think that the introduction of such a scheme would be a negative step.

14:30

Bruce Crawford (Mid Scotland and Fife) (SNP): The young will become older and the middle aged will soon be entitled to concessionary fares.

Charlie Mullen: Excellent.

Bruce Crawford: I presume that I am in that bracket.

I was in Dundee this morning, so I sympathise with you, because I got stuck on the A90 on the way up. I did not know about the hold-up until I heard about it on my radio; I came back through Auchtermuchty to try to avoid it.

I want to tease out the issue of concessionary fares. In the second-last paragraph of your submission, you say:

"We are not aware of any situation whereby local bus services have been developed on the back of concessionary travel usage",

yet volumes are going up and there is increased capacity. Is it true that there has been no service development as a result of concessionary fares? Have no additional services been brought into being?

Charlie Mullen: That is true in the Strathclyde area, if you are talking about services without council subsidy. I cannot speak for Scotland as a whole.

Bruce Crawford: I understand that. What would happen if there were no concessionary fares? Would that make some routes less viable, with the result that the volume of service that is provided would shrink?

Charlie Mullen: Yes. If there was less demand for enhanced services and they were not being used, I am sure that, under best value, the councils would cease to want to subsidise them.

Bruce Crawford: I know that concessionary fares are causing you difficulties as regards the amount of revenue that you are attracting, but as well as increasing capacity and volume, they are maintaining services at a level that would not otherwise be maintained. Can I just confirm that that is what you are saying?

Charlie Mullen: The operation of those services is subject to the support of council subsidy.

Bruce Crawford: We have had discussions with other bus operators about whether concessionary fares for the elderly should be fully subsidised or partially subsidised. How should a future national scheme be administered? Should that be done by the proposed new national transport agency or should control stay with local authorities? What is Strathtay's perspective on that?

Charlie Mullen: Our view is that if the scheme is national, it should be administered nationally to reduce the admin. It seems to be the view of our industry body that there should be a single rule. That should not be confused with the fact that we think that local buses should be managed locally—the councils have a role to play in local bus management. We pride ourselves on being a local company whose members live and work in the community that we serve.

The Convener: I have a final question on concessionary fares. When you talk about being reimbursed at a rate of between 45 per cent and 63 per cent for each journey, are those figures percentages of the full adult single fare?

Charlie Mullen: No. They relate to the value of the journey. We track the value of every journey that is undertaken by an old-age pensioner. Setting up a system for doing that caused us a lot of grief. There is a subtle difference. We are not talking about the average adult fare, but about the value of the journeys that are undertaken by concessionary travel users in our company.

The Convener: Are you comparing the level of reimbursement with the full fare?

Charlie Mullen: Yes.

The Convener: The question that follows from that and from Bruce Crawford's questions is whether that is a fair comparison, given that many of the passengers in question would not be

making their journey if it were not for the concessionary fares scheme. As they are using spare capacity—in other words, empty bus seats that would otherwise not be filled during the day—they are making a contribution to the profitability of the routes.

Charlie Mullen: We do not deny that they are making such a contribution. With spare capacity, the question is: why operate a single-decker bus when you can operate a minibus? As a company, we carried 6.1 million people on local passenger journeys. That represents a phenomenal number of individual transactions. In our business, it is very difficult to track the needs and demands associated with each transaction.

The Convener: My point is that you have buses that are, I presume, designed to carry your peak capacity in the morning and evening peaks and therefore, because you cannot turn all your buses from full, single-decker or double-decker coaches into minibuses at 10 o'clock, you have to run buses that are of too great a capacity for the number of passengers on many routes, but some of the seats that would otherwise have been running around empty will be used by some of the old-age pensioners who take advantage of the concessionary fares.

Charlie Mullen: Yes, the industry accepts that fully, but I wish that you would not talk about empty seats rattling around, because a passenger boarding a bus involves a cost. It is not that there is no cost to the company: there is a cost in braking, in stopping, in operating and in the interior of the vehicle being used. Although passenger numbers have gone up, so have insurance claims, and you must consider the fact that some of those who now have access to public transport really need to travel with carers, which means that delays are experienced and our insurance costs have gone up. It is not a cost-free environment.

The Convener: I fully appreciate that some fixed costs and some marginal costs are involved in a passenger boarding your bus, but the point is that at least some of the costs that are incurred are fixed costs that your company incurs because it owns the bus. I accept that there will be some variable costs because of the cost of braking, for example.

Charlie Mullen: The industry, the politicians and the local councils fully acknowledge that the concessionary fares scheme has generated travel and that a contribution is made towards the cost. I do not think that any bus company in the world is looking for 100 per cent reimbursement.

The Convener: That is what I am trying to get at. We all recognise that there is a balance to be struck.

Charlie Mullen: Strathtay is no different.

The Convener: The reimbursement will not be 100 per cent of the adult fare, and the issue is how to reach a fair balance that allows for investment in services without the public purse paying over the odds.

Charlie Mullen: It is not an easy solution to find. You should believe me, because I have dealt with Fife councillors.

The Convener: Those are all the questions that committee members have for the moment. I thank Charlie Mullen and Jim Gardner for the evidence that they have given today and that they gave in advance in their submission.

I welcome to the committee Clare Kavanagh, who is the director of performance for London Buses. She is here to represent London Buses and, more broadly, Transport for London. I give her the opportunity to make some introductory remarks; questions and answers will follow.

Clare Kavanagh (Transport for London): London Buses is part of Transport for London, which is part of the organisation that the mayor of London, Ken Livingstone, set up to deliver transport in London. In that role, I am here simply to give information on how things work in London and inform the debate without having any axe to grind on any aspect of it. My presence is an opportunity for the committee to find out what it can use of London's experience in the Scottish context.

The Convener: We welcome that opportunity, because we recognise that London has had a considerable degree of success in the development of public transport in recent years. We hope that we will be able to learn some things that will be useful in the Scottish context.

Iain Smith: Your submission indicates that there has been a fairly substantial growth in passenger numbers since 1999—a 30 per cent increase. What, in your view, are the main reasons for that?

Clare Kavanagh: It is about putting together a package of things; it is not about any one thing. It is about bringing together attractive fares, attractive services, good information and good publicity. Transport for London is charged with delivering all that and it is able to do so because it is a single body. We also have a degree of control over the road network and we have introduced congestion charging, which is a huge fillip to the use of public transport.

We know from our research that our passengers have a long list of things that they want: they want not only reliable bus services but good accessible buses, good information, good infrastructure and so on. As soon as we get one thing right, we have to carry on working on the others. Expectations tend to run ahead of what one can achieve.

Iain Smith: In the London context, you are in a regulated bus market. To what extent has that contributed to the increase in passenger numbers? Would such an increase have been possible in a purely commercial environment?

Clare Kavanagh: The regulated environment that we have allows us to plan systematically on a city-wide basis and to ensure that we are consistent throughout the city in terms of value for money. What we do not have—and what I do not think would ever have worked in London—is on-the-road competition. We are able to allocate resources where they are needed in a consistent way. There is a consistent message in information for passengers—we know that people are keen on that—and we have consistent fares and consistent marketing. We can do those things in a regulated environment; in a deregulated environment, they are much more difficult.

The Convener: Do you think that that is the case only in cities of the scale of London or could the experience be replicated in other congested urban areas and metropolitan cities such as Glasgow and Edinburgh?

Clare Kavanagh: There is no reason why that could not apply to other major cities. London has all the same problems. It is just that they are on a bigger scale.

Bruce Crawford: Surely the flip side of that is also true: if we in Scotland have a market that is pretty much deregulated as far as our cities are concerned—apart from the situation in the Lothians, which is a bit different—why could competition not work in London? Is it not the case that innovation is stifled and efficiencies are not found because of the way in which the service is run?

Clare Kavanagh: We have competition and we have ways to achieve innovation. Transport for London is one of the bodies that achieves that innovation. What we do not have is on-the-road competition. We have a competitive tendering environment that allows us to get the price benefits of competition without having competition on the road. Given that the road network is constrained, I suggest that if there was on-the-road competition in London there would be severe congestion in some areas and no bus service at all in others. The regulation that we have avoids that situation.

Bruce Crawford: Will you explain how that off-the-road tendering works so that we can understand it?

Clare Kavanagh: There is a competitive tendering process. All bus services are tendered on a five or seven-year cycle. We select an operator on best value and value for money. The selection is not—and never has been—done on

the basis of the lowest bid. We take a range of quality issues into account when we award contracts and we are specific about what we want from a service. We set the frequencies for the service and specify the type of bus and when it should operate. Within that, operators can suggest alternatives, but generally speaking we set the standards.

Bruce Crawford: Forgive me—I do not go to London often, but when I do go I see a lot of old bus stock running around that we do not seem to have in this neck of the woods. It might be that my perception is a bit out of date and that you will tell me so, but there seems to be a great deal of older stock on the road that we in Scotland would replace in most places. Is that fair?

Clare Kavanagh: No, that is not true.

Bruce Crawford: Tell me the truth, then.

Clare Kavanagh: The average age of London buses is about 4.8 years. That does not include the Routemasters, which are 40 years old, but we will have phased out our remaining 300-odd Routemasters by the end of next year. Our bus fleet is the most modern bus fleet in the country. The buses that we have bought over the past few years have kept the UK bus industry going. About 90 per cent of our buses are now fully accessible low-floor vehicles with powered wheelchair ramps.

Bruce Crawford: Does that 90 per cent statistic include the Routemasters?

Clare Kavanagh: Yes. We will hit the 100 per cent level as soon as we get rid of the Routemasters some time next year.

Bruce Crawford: Thank you for putting me right.

Clare Kavanagh: Do come again.

14:45

Michael McMahon: You described how the tendering process results in there being buses on routes. Will you give practical examples of how Transport for London ensures that the contract bus services provide good value for money?

Clare Kavanagh: First, we can achieve value for money because we plan all the routes. We take decisions beforehand about the structure of the bus network, so we can consider whether our proposed structure achieves value for money. We have our own economic models and transport planners who will consider, for example, whether we should increase the frequency of a particular bus service on a Sunday. They work out what such a proposal would cost, what revenue it would bring in and what the social benefit would be. On that basis, we can decide whether it provides value for money. That is how we plan the network.

We achieve value for money in the pricing from the operators by operating in a competitive tendering environment. We first tell the operators what routes we want them to operate. After they have provided their prices, we go into a period of negotiation. From our own costing models, we know how much London bus drivers are paid, how much the fuel costs and what the buses should cost. On that basis, we can negotiate with the operators on the price.

Michael McMahon: Once the operator is delivering the service, how does TFL monitor the service to ensure that the operator delivers to the tender specification?

Clare Kavanagh: We use quality-incentive contracts, which contain provision for a sliding scale of bonus payments or deductions to be made according to the extent to which the operator exceeds or fails its performance targets. Essentially, we have an army of people by the side of roads—eventually, the process will be automated—to work out how the operators are performing against the schedule.

Michael McMahon: Is that necessary to ensure service levels? Does the threat of penalties encourage operators to deliver the tendered-for service?

Clare Kavanagh: We need to do those things anyway because we need something against which the operators can be measured.

On the operation of the service, the operators are responsible for making their own mileage returns and for telling us which services they operated. If they did not operate a service, they must tell us why. We have very good compliance for those sorts of things. We have been successful in measuring performance and in generating improved quality. We have seen significant improvements in quality over the past couple of years since the contracts were introduced. Most operators make some sort of bonus from their operation.

The Convener: How much public revenue does the service receive as a proportion of the overall income that is generated from bus services in London?

Clare Kavanagh: I preface my answer by saying that a huge impact comes from the fares levels, which are in the gift of the mayor. Over the past few years, he has made some specific changes to the fares structure, essentially by reducing fares. In round numbers, the network costs about £1.3 billion and it generates about £800 million in revenue, so the service currently receives a subsidy of about £500 million.

Iain Smith: Under the contract, do the bus companies keep their fare revenue and receive a subsidy net of that amount?

Clare Kavanagh: All the revenue is returned to Transport for London. During our 20 years of running the service, we have had various types of contracts, some of which allowed the operators to keep their revenue. However, we now work simply on the basis of incentivising the operators on the fixed price, so all the revenue is returned to TFL.

Bruce Crawford: I have a quick question about the gap between the running costs and the income that is generated. Does the mayor's office pay that gap of £500 million?

Clare Kavanagh: The vast majority of the revenue comes from Government grant and the rest comes from precepts.

Paul Martin: How many bus journeys are there for that £500 million?

Clare Kavanagh: We have 1.8 billion bus journeys, so it is a subsidy of about 30p a passenger or 10p a passenger mile.

Dr Jackson: I will follow on from Michael McMahon's point about contracted bus services. First and Stagecoach have told us about the bureaucracy involved in the tendering process and in the contracts generally. You mentioned that the contracts have changed over the years. Do you feel that the contracts have become less bureaucratic? If so, how has that been achieved?

Clare Kavanagh: We have tried to focus the contracts on what passengers want from them. When we started out, they were very simple: they were what we call gross-cost contracts, where we ask operators to give us a price, we pay that price and revenue returns to Transport for London. That was a fairly simple, unbureaucratic, system. The bureaucracy that the operators complain about relates to accountability in a city the size of London. We do a lot of monitoring of all sorts of issues to do with performance. That is part of the bureaucracy that First and Stagecoach mention.

The problem we faced with the simple contract was that there was no incentive in it for good performance. Operators did not get paid if they did not run the mileage, but there was no incentive to deliver a reliable service, clean buses and so on. We moved to net-cost contracts, where we gave operators a share of the fare-box revenue that was allocated to that route. That was very bureaucratic because we had to calculate the revenue on each of the 700 routes in London. It was a time-consuming and bureaucratic process that led to all sorts of additional bureaucracy for the operators.

For example, any time we wanted to change a bus service, we had to negotiate not only a change in cost but a change in potential revenue. If that potential revenue did not come through, we had to renegotiate. That was fairly bureaucratic. In addition, it did not lead to improvements in quality,

because although the operators were retaining the revenue, it was quite difficult for them to make the link between improved quality and increased revenue. There were variations in the revenue anyway; the vast majority of it comes from off-bus sources. It is not about getting more people paying cash on the bus.

We now have incentivised contracts. We do not worry about revenue—revenue comes to TFL—and the operators are focused on the incentive part of it, which is about delivering quality bus services. There are other reasons for the bureaucracy. For example, there is a huge number of stakeholders in London to whom we are all accountable. There are 33 local authorities within the greater London area. All of them have a stake in the bus service and all of them want to know how operators are performing. There is a lot of additional bureaucracy associated with that.

Dr Jackson: You mentioned the different local authorities. How does the tendering process operate?

Clare Kavanagh: Bus route tendering is all handled by Transport for London. We have a structured process of consultation with all the local authorities, particularly in relation to any changes we want to make. If we want to make a change to the bus network, even if we want to do something such as change the types of buses used from single deck to double deck, or from Routemaster to articulated buses, we formally consult the local authorities and take their views on board.

David Mundell: I return to regulation. Other witnesses from whom we have taken evidence have told us that a fully regulated bus system would stifle innovation in public transport provision. Based on your experience, do you agree with that view?

Clare Kavanagh: I do not, as I represent the body that is charged with creating the innovation.

In London, the people who understood the network and the transport planning side of it also understood the market for bus services, which is a key thing. It is necessary to know what passengers and prospective passengers want to do as well as to understand the planning regulations of the city, and so on. That expertise was retained within the public sector when the bus companies in London were privatised and it is now centralised in Transport for London. That would not necessarily happen elsewhere if a fully regulated bus system were to be introduced now. I presume that some of the expertise that we are talking about is in the bus companies. A way would have to be found to harness that, to achieve the innovation and the continued improvements in the network that are sought.

David Mundell: How do you think innovation could be harnessed in the environment that we have?

Clare Kavanagh: In an environment in which there is tendering or in which contracts are being offered, a requirement for innovation can be specified or innovative ideas can be taken into account and companies can be given credit for their innovation. However, unless you have some specific regulatory environment in mind, it is difficult to say how that innovation could be achieved.

There are ways of incentivising bus companies or of working in partnership with them—which we still do a lot of in London—to achieve quality. For example, the alternative-fuel buses that we are bringing into London are being provided through partnership between ourselves and the bus companies. A bus company will say that it would quite like to do something to which there is an additional cost, and it will ask us whether we would be prepared to share that cost. We proceed on that sort of basis, and that kind of thing could be done here.

David Mundell: Are those arrangements informal or are they set down? As you are aware, we already have quality contracts and partnerships.

Clare Kavanagh: At the root of it, there is a specific bus route contract. However, in cases such as that which I have just given as an example, concerning an innovative vehicle type, we would simply work with the operator on an open-book basis and agree to pay, say, half the operating cost on an annual basis.

David Mundell: In that context, there is an informal, bespoke agreement.

Clare Kavanagh: Yes, it is bespoke each time. It is not necessarily a written agreement. We simply negotiate the price change with the operator and write that into the route contract. We then carry on with the experiment.

Paul Martin: Can you give us some idea of the percentage of the routes in London that are run purely on a commercial basis? You have touched on that, but can you give us the exact percentage?

Clare Kavanagh: No services are run purely on a commercial basis?

Paul Martin: None at all?

Clare Kavanagh: No, we operate all the bus services. If you are asking what percentage of them have a positive cost recovery, the answer is probably about 40 per cent. However, we would not look at services on a route basis: it tends to be the case that services at certain times of the day, in certain local areas or at certain times of the

week are not commercial. Because we operate as one big network, we do not look specifically at making one route commercial.

Paul Martin: I reiterate the point that that makes it difficult for commercial activity. Is it not difficult to invigorate commercial activity if you are given £500 million investment for the network? Is it not difficult for an operator to come in and say, "I want to run a service," when services are already being significantly subsidised?

Clare Kavanagh: In our regulated environment, that opportunity does not really exist, anyway. Those situations do not arise, especially as the mayor is responsible for the fares. An operator cannot come in and say, "I'll run this service commercially and I'll charge this amount." That is not what the regulated environment allows.

Paul Martin: So there is no scope for that at all?

Clare Kavanagh: Very little. There is provision for it but, increasingly, operators are withdrawing such services because their costs are going up but their revenue is not. They are withdrawing from any commercial services that cross the London boundary. They might start outside London and be commercial in that environment; they might then want to come into London, which we can allow them to do, but such services have reduced dramatically over the past few years. Transport for London has had to step in to provide replacements.

15:00

Paul Martin: I want to ask another, similar, question, although it is not entirely related. In some parts of Scotland, and in my constituency, there are significant complaints about the level of services. Do you hear similar complaints from bus users in London? Do they raise similar issues to do with the cherry picking of certain routes that make money?

Clare Kavanagh: There is no cherry picking. We contract for every service and therefore ensure that everybody has access to a bus service. We have planning rules that mean, for example, that we try to ensure that everybody is within 400m of a local bus service. We plan specifically so that everybody has their local service. We try to make that service seven days a week and at least 18 hours a day. There is no cherry picking.

Paul Martin: Are there bus user action groups in London, or anything like them?

Clare Kavanagh: There are lots of action groups that complain, but they do not complain about any commercial cherry picking. They complain about reliability and frequencies. They will ask us about additional links to local hospitals.

Where we can provide such links, we work with the groups to do so. However, we do everything centrally—making the decisions on whether a service is worth providing because of its social benefit rather than its commercial benefit.

Paul Martin: Some weeks ago, we heard from an operator that decisions would be taken by the transport convener on a purely political basis—for example if a by-election was coming up. Have you seen any evidence of such political decisions being taken in London?

Clare Kavanagh: There is very little of that because we have an open economic case that every bus service has to meet. We therefore try to counter any approach along the lines that you suggest, because a huge number of politicians might want to get involved in the London network. Through planning consistently, we try to ensure equity across the city.

Iain Smith: I am interested in how your concessionary fare schemes operate. I note from your submission that they are funded by the London boroughs, but I presume that Transport for London determines what those schemes are.

Clare Kavanagh: No—the scheme has always been determined by the relevant legislation. It is not for Transport for London to determine what the scheme is; it is for the local boroughs. The boroughs decided among themselves to have a free-fare scheme. The process by which that is administered is in the legislation.

Iain Smith: What would be the position if one or two boroughs decided that they did not want to keep spending money on concessionary fares? Are they obliged to spend the money by the majority?

Clare Kavanagh: At present, they are obliged by their own organisations to continue to take part.

Iain Smith: I presume that, because they receive no fare revenue, the boroughs are funded by Transport for London. As you may have heard in the earlier evidence, an issue that arises is the generation factor—the amount the bus companies receive in compensation for carrying concessionary fare passengers.

Clare Kavanagh: Although a scheme is in place, there is still a degree of negotiation. For example, we have to calculate how many journeys are made and how long those journeys are. We also have to consider the mode, because TFL also takes responsibility for splitting services between the tube and the heavy and light rail systems. Most of our considerations are about revenue forgone.

Certain factors can affect the cost paid. For example, if we have to increase the service as a result of introducing the concessionary scheme,

there will be an additional cost as part of the negotiation. On the other hand, I think that we give local authorities credit for the fact that, because the scheme does not start until 9 o'clock, it might save us peak resources—people are moved out of peak time into off-peak time.

Essentially, although there is a bit of negotiation around the edges, the scheme is agreed on the basis of surveys. The overall reimbursement, so to speak, is slightly more than, but not a lot more than, the cost of a travel card or period ticket but much lower than the cost of a cash fare.

Iain Smith: So it is nothing like the adult equivalent fare.

Clare Kavanagh: No, it is about half the cost. Most people in London do not use cash fares; more than 80 per cent purchase some sort of off-bus ticket.

The Convener: I have a question about integrated ticketing. Obviously, you have control over the bus services and the underground services in some areas of the city, including the Docklands light railway. You said that you also have integrated ticketing across national rail companies, which means that you deal with a range of organisations over which you do not have direct control. What degree of difficulty did you experience in reaching agreements with the various national rail companies? What level of Transport for London subsidy was required to encourage those companies to enter into integrated schemes with you?

Clare Kavanagh: The integrated scheme existed before the split in the rail industry. Part of the legislation under which the split was introduced provided for the continuation of the schemes and that is how the train operating companies are brought to the table. Transport for London does not finance any of the costs of the scheme; it is part of the requirement on the companies. Because the requirement is contained in the legislation, it has been written into the formulae for fare increases.

What tends to happen is that some discussion takes place around how we bring together what TFL wants to do in terms of fares increases and what the TOCs are allowed to do in terms of their fares increases. We have to come to some sort of agreement on the price of the tickets that are shared across modes.

Bruce Crawford: I have one final question on the concessionary fares element. Are concessionary fares part of the £500 million Government grant that goes in to help run the service?

Clare Kavanagh: No.

Bruce Crawford: So, what is the actual amount that you receive from the Government?

Clare Kavanagh: I should have mentioned that figure. Because it is made as a transfer of money between the local authorities and TFL, we treat it as income. The figure is about £130 million; it is included in the total revenue figure of £800 million that I mentioned earlier.

Bruce Crawford: In terms of the bus companies with which you tender, do they complain about not getting the percentage levels that are required to make the scheme wash its face?

Clare Kavanagh: The bus companies in London are not concerned about revenue. They tender on a cost basis and we take all the responsibility for the revenue.

Bruce Crawford: I am sure that that reply leads to another obvious question, but I cannot think of it right now.

The Convener: That brings us to the end of our questions. I thank Clare Kavanagh for her evidence to the committee this afternoon and for her submission.

Clare Kavanagh: Thank you.

The Convener: We will move straight on to our next witness.

I welcome Joan Aitken, who is the traffic commissioner for Scotland, and invite her to make some introductory remarks to the committee, after which we will move to questions.

Joan Aitken (Traffic Commissioner for Scotland): I thank the committee very much for inviting me. In some ways I am one of the behind-the-scenes regulators, so it is excellent for me to have an opportunity such as this to meet the committee, share some of my experience and give insight into my office. I am most obliged to the committee for that.

I have given the committee some background information about my role, because it is not widely known about. My role touches not only on the bus and coach industry; it also covers the haulage industry, which is important for the life of any economy, but particularly the Scottish economy. I hope that that information has given the committee some idea of the structure of my office and where it sits within the United Kingdom and within the devolved powers in your sphere of influence and interest, and some of my added-on functions.

There is no doubt that the bus and coach industry is of critical importance to Scotland. We have more public service vehicle operator licences per head of population registered with us than the other seven traffic areas in England and Wales, which reflects how important a role the bus industry plays in the travelling public's life. Devolution and the interest of the Executive and the Parliament in the bus industry give me, as a

new commissioner, a splendid opportunity to raise interest in, and the profile and effectiveness of, my office. I see this as a chance to engage in working with people such as this committee, the Executive and the industry to ensure that the bus-travelling public, and those who are not yet weaned on to the buses, are served well.

I would like to engage with the committee on my disappointment on arriving on the scene and finding how few resources were available and deployed for monitoring and enforcing the buses running on time, to put it no more or less strongly than that. I have also tried to give you a whet of some innovations. I like to think that my office has a can-do attitude; we want to encourage innovation in bus service delivery, through getting to the margins and to some of the extremes, and through considering how things can be reconfigured to go beyond the formula that says that the bus starts at one place, stops at the other and everyone just stands at the bus stop. I have therefore included some remarks about the Stagecoach taxibus and how much that has whetted our appetite for demand responsiveness and how we have enjoyed sharing interests and practice on that.

Much of my work is conducting public inquiries, where I take regulatory action. I must highlight that in that work I am taking a judicial role. The extent to which I can engage in discussion about judicial decision making and what cases might be in prospect is therefore somewhat limited. If we get on to an area where I have to be a wee bit reticent with some of my answers, I hope that the committee will respect the position that I might be in. However, I hope that I will give you enough clues if I am in that position so that you do not think that I am being difficult. I will discuss as much as I can with the committee and will enjoy doing so.

The length of my written submission was limited so I did not allude to how the bus industry is regulated. Obviously it is now far less regulated than prior to the Transport Act 1985. Neither I nor any other public official have powers to direct where commercial services must run and I cannot direct the level of fares. The only qualification to that is one that we have had to discuss lately—the Competition Commission's work in relation to the FirstGroup franchise for ScotRail. The industry is not entirely deregulated or uncontrolled. My general licensing power over bus operators covers standards of maintenance, a degree of reproof, companies' financial standing and suchlike.

However, the issue in relation to the major concern of the committee, which is local bus services—I am well aware of how much members hear about the frustrations over local bus services at their surgeries—is what control I have over

those. Local registered services must be registered with me, but if the statutory particulars such as destination, frequency and so on are met I am obliged to register them. That means that I cannot use the bus service regulations to stop what are colloquially known as bus wars, to prevent an operator from undermining the initiative or routes of another operator by travelling a minute earlier or whatever or to affect bunching—I know that some members are concerned about the bunching of departures.

15:15

I see the registering of a local service as a serious act and as a commitment to operate. Section 6 of the Transport Act 1985 requires operators to run those registered services. I see it as a deal in some ways. The industry has been given deregulation, as it would label it—I think that generally people would colloquially label it that way—but the moment that an operator registers a local service and says that it will run a 41 to such and such a place or a 6 to Dalwhinnie or wherever, I see that as being a straightforward deal. If the operator cannot run the service questions arise, enforcement action arises and regulatory questions certainly arise. I see that as one of the regulatory deals: operators cannot have it both ways. If they want to register a service and say that they will do that and try to make money or make their name out of it, or whatever their motivations are, they must provide that service. They are allowed, within the statute, reasonable excuse, but a reasonable excuse is not that they have underinvested in drivers or in vehicles or that they have decided to run from only one depot, so that if a bus breaks down some distance from the depot the folk will be left waiting at the bus stop.

The more I think about it, the more I see the case as being that the moment that an operator registers a service it is signed up to that bus running. Traffic commissioners set standards for local services. Since May 2002, after consultation with the industry, the traffic commissioners throughout Britain have decided what would be acceptable. Punctuality is at the core of the standards. There are two types of services. There are frequent services, which are services where we expect six services to run every hour, not more than 15 minutes apart—so we are talking about a service roughly every 10 minutes. The public like that kind of service because they can go out of the house and within 10 minutes or so—15 minutes at worst—they will get a bus. The other type of service is the timetabled service that is not as frequent.

Traffic commissioners expect 95 per cent of buses to depart within a bracket that we have defined as up to one minute early or up to five

minutes late. That little slogan, “One minute early; five minutes late”, is great. People can remember it and as a regulatory maxim it has the advantage of simplicity. You do not go into great formulas, graphs and physics and all sorts of stuff. The industry would like the graphs and physics, but the travelling public want the maxim of one minute early or five minutes late. As a traffic commissioner, I find that a sympathetic notion; I mention it to members because if they can keep a handle on that when they hear representations or complaints in their constituencies they may know when I would be interested in hearing from them. That is a good starting position. That is not to say that there will not be reasonable excuses in a case when I am exercising my judicial and regulatory role. There will be reasonable excuses, such as local authorities allowing street works or utilities companies putting in street works and not telling the bus companies. Other reasonable excuses may include parades, the plethora of events held as part of celebratory society and democratic society and the plethora of human activities that may get in the way, but those must be documented and they must be unforeseeable because it is, for example, well known that between 5 o'clock and 6 o'clock city centres get congested.

One looks at the evidence and one hears about situations where people say that they cannot get bus drivers. What are operators' recruitment policies, then? What are they paying? I am not just there as a sponge for excuses; I am there to test things.

I am sorry—I am a terrible person for talking at length. Are you going to stop me?

The Convener: No, no.

Joan Aitken: I hope that that was useful to you. As far as bus punctuality is concerned, all the bus priority measures that were envisaged in the quality partnership arrangements and that are being taken so effectively on a voluntary basis throughout the country are very welcome. If an operator does not run the buses to time and if I—or my colleague traffic commissioners south of the border—find that its excuses are not reasonable, we have the power to take action against the licence. In the most extreme cases, we could revoke or suspend a licence. We could enforce a condition preventing an operator from running any further registered services. I did that recently in the case of a west of Scotland operator—I took him out of running local service buses. He can still do his private hires for trips round the Trossachs and he can take chaps to football matches and so on, but he cannae run buses on a bus route as a registered service.

I can also impose a financial penalty of up to £550 multiplied by the total number of vehicles,

which is provided for under section 39 of the Transport (Scotland) Act 2001. If you imagine the number of buses belonging to large operators such as Lothian Buses, FirstBus, Stagecoach or Arriva—I mention several because you might reach the wrong conclusion otherwise—and multiply that by £550, that can hit them hard. Even for a small operator, two or three buses times £550 can make quite a dent. That provision is there to be used.

I have tried to set the scene with regard to the powers for ensuring that buses run properly. The need for punctuality and for buses to turn up is absolutely critical. That came home to me recently, when I was reading an excellent transport research planning group report called “Transport Provision for Disabled People in Scotland: Progress since 1998”, which has just been published by the Executive. One of the things that came out of that is that people, especially people with disabilities, need to have confidence in transport. That extends to the whole of the travelling public. People need to have confidence that they will get to their work, to their hospital appointment or to school to meet their child. Confidence that the bus will arrive lies at the heart of the effectiveness of what we are all seeking to do: to enhance bus travel as a mode of transport.

You might wish to talk to me about complaints and complaint handling, but I think I have perhaps said enough for the moment. I can talk for ever, as you have probably guessed.

The Convener: We will move to questions now, but thanks very much for those introductory remarks, which have been useful in setting the scene with regard to your powers and the steps that you can take to enforce action in the industry.

Michael McMahon: I will go straight to the point that you were about to introduce, on complaint handling. We have taken evidence from across the country. In every area, the issue of reliability has been to the fore, if not the ultimate priority among bus users. You have given us details of the sanctions that you can impose, but how, practically, would you handle a complaint that had come from representatives of a particular community?

Joan Aitken: We will handle that better in future. I am being frank with you. I see this as an area in which our office will be raising its game—not least because I take the bus myself. From my perspective, the excellent news is that the Scottish Executive has committed the necessary funds for having six bus monitors in Scotland come the new year. That is more than anywhere else in the country. I think that that means that there will be targeting of the worst areas and the worst offenders.

In any complaint handling system, the recognised first step is to try to sort out the complaint as soon as possible, so that it does not recur. For example, if someone contacted my office to complain about a particular bus, and it had not been through the Bus User Complaints Tribunal’s systems, we would want to alert the operator to the existence of the complaint, so that it could be acted upon or remedied.

One thing that I want to explore is the level of management in an organisation that is hit by complaints. In my previous existence, I was the Scottish prisons complaints commissioner. You can tell a governor or a chief executive about something, but by the time it passes down to the person on the ground floor, it may be diluted. Targeting complaints at the right level is one aspect of good complaints handling, as is engaging with the industry. That is partly why I want to get the message across to the industry that I regard registered services as services that have to operate.

As a regulator, I have to have in the back of my mind the fact that I might want to take action against a licence. I might start to think about—or the staff who administer matters for me or the Vehicle and Operator Services Agency, whose monitors would be doing it, might start to think about—the point at which you want to build up a case to perhaps put someone out of the business. That is an extreme, because in life one wants to make people successful. One does not want to kick people if they are having a hard time; one wants to enhance them. It is better to create good businesses than to put small businesses, and all the family members and employees, on their uppers. However, there will be operators that you just know are not in it out of any intention to serve. One can serve and make a living. It is quite legitimate to make a living, but you have to deliver the service as well.

There are different levels at which one would tackle complaints. Some can be dealt with there and then. As you can imagine, I do not deal with most complaints on a day-to-day basis, but every so often I see a complainer write in time and again about something, and I find that there has been a misunderstanding of the law or a misunderstanding of the risk for the driver. I can think of one instance where the complainer wrote in repeatedly about the fact that a driver would not put people who were smoking off his bus.

I considered that the driver was driving along, far from a police station, far from his inspectors and far from anything like that, and he was faced with the responsibility of driving safely. He had a bus load of people of all ages and descriptions. He had one person who lit up a cigarette. What did he know about that person? He did not know whether that person was unwell, had just had very bad

news, or perhaps was not familiar with the fact that you cannot smoke on buses any longer.

That is a risk assessment, and a decision for the bus driver, because he or she is in charge of the bus. The passenger, who rightly was irritated by the smoke, may not have seen the bigger picture. I wrote a letter explaining the law. The law is clear that you do not smoke on buses, and it is clear that drivers have powers to require certain behaviour of passengers. However, a driver also has an awful lot of other decisions to make.

There is no general answer to the question, because complaints come in many different forms. We have to be sophisticated and better at dealing with them. However, I cannot hide my pleasure at the fact that we now have more people out there. I have some long-term thoughts, which I am working on. I would like the system to be more proactive, so that operators almost have a duty to satisfy me of their ability to run competently and on time, rather than having to do so reactively. I would like to see how we can build in effectiveness and quality at the start, rather than having things go off the road. One aspect of the provision of resources by the Scottish Executive to the Vehicle and Operator Services Agency to do more bus monitoring is that best practice guides will be developed for the industry.

This might seem astonishing—it was a revelation to me. When I was conducting public inquiries into bus operators, a Glasgow operator's buses were not running to time by any stretch of the imagination. The operator mentioned congestion and this, that and the next thing, so it occurred to me to ask whether the operator had ever driven the route before running a bus service on it. The operator said, "Oh no, I didnae do that." I asked, "Do you mean that you did not drive the length of the route?", and received the reply, "Oh, I might have gone one Sunday." Frankly, travelling along a road in any town on a Sunday afternoon is not the same as travelling along it at the timetable time of 8 am when schools are on the go and folks are trying to get to work, or at lunch time or 4 o'clock in the afternoon. In the deregulated environment, we all have the freedom to set out to run a bus service, as long as we have some money and do not have a terrible criminal history. When people set up services, as they do, but do not have the savvy to run the route and pretend to stop at the bus stops, there is a paucity of good practice. The approach is not just about catching people when they fail; it is about front-loading on good practice. I hope that we will do some good work on that in the new year.

15:30

Michael McMahon: Your attitude is refreshing. Unfortunately, my experience with your predecessor was not quite so refreshing.

You touched on the deregulated environment. We have heard evidence about big operators, in particular, that flood routes to drive smaller operators out of business. However, a small operator complained to me that it was being unfairly treated as a result of complaints against it from larger operators. The small operator had to go to the Court of Session to prove that it had been unfairly treated. Are you concerned that that case might not be just a one-off?

Joan Aitken: I will not talk about a matter that has been the subject of litigation, as you can imagine, but I will talk in general terms. In a more lightly regulated environment in which I am obliged to accept all registrations, it is difficult for me to regulate larger or smaller operators, or competing smaller operators, to prevent them from operating on each other's routes. As long as the operators are properly registered, they can go ahead. Of course, in such circumstances we receive complaints from one operator against another and it is sometimes difficult to know who is telling the truth. In anticipation of today's meeting I checked my impressions with those of staff. A number of the complaints that we receive about operators are made by fellow operators—that is the nature of the territory.

It is vexing to hear a small operator say, "I ran my bus service in the housing scheme. I liked my pensioners and my little business, but then big company X decided to reroute one of its main services." A big operator suddenly makes a wee diversion round a loop in the housing scheme and puts the wee operator out of business. I do not have the power to stop that. It is similar to a situation in retail grocery in which someone runs a bus to Tesco or opens a big supermarket next to a wee shop. The wee shop gets dumped, unless it can open at different times or provide a niche service. Small operators come into their own, of course, because they can spot such niches. Even the size of the vehicles that they use might be unattractive to some of the larger operators. That is the normal competitiveness of the business world, in which there are casualties every day. When operators feel aggrieved, the sense of injustice may be genuine because they have built up a service and a bigger company has come in. I do not have a magic wand on that issue.

Quality contracts would affect the issue. I anticipated that I would be asked about quality contracts, of which there are none. You have heard interesting evidence from others on the reasons for that—you have heard about West Lothian Council, which has had meetings with me about its concerns. I went to Paisley to see what I could see because I get a lot of complaints and anecdotes about Paisley. There is one large bus operator, Arriva, and a plethora of small operators. The area needs bus services and, on the face of it,

it is good that there are many operators providing a lot of options. However, I was not impressed by the behaviours that I saw. I saw a bus driver pulling away from a bus stop drinking what looked like a cup of soup—it was certainly a cup of hot liquid. That simply should not happen. I also saw drivers using mobile phones and other clearly unlawful behaviours. I was deeply unimpressed by that.

Much work needs to be done on quality and standards, as well as on running to time because the bus-travelling public must be conducted safely. It occurred to me that it would be useful to consider the introduction of a quality contract for the Paisley area. Of course, the local authority does not have the power to do that, but paragraph 6.9 on page 59 of the white paper "Scotland's transport future" highlights that legislative change is needed to clarify quality bus measures. It states:

"We intend to make provision to give the local authorities in the current SPT area powers to establish quality partnerships, quality contracts and joint-ticketing schemes."

If your good selves support the proposals in the white paper—although you may not—and if the Transport (Scotland) Act 2001 is amended, that would at least give local authorities in those areas the tools to introduce quality contracts.

I mention that only because I was truly dismayed by what I saw in Paisley. I was just there watching, with no particular legal status, but my office wrote to the operators in the area to express my dismay and to say that I hoped that they would remedy matters. I hope that the fact that I have made observations will assist. The example shows that I am not an isolated commissioner. When I do not gather evidence myself, I rely on others to bring me evidence. I want to keep my finger on the pulse. That is why I am indebted to those MSPs who have alerted me to local concerns.

Paul Martin: You referred to section 39 of the Transport (Scotland) Act 2001, which deals with operators or companies that fail to run their services to acceptable standards. Are you satisfied with the sanctions that are available to you? If so, what action have you and your predecessor taken to implement those sanctions? One of the excuses that we hear from Strathclyde Passenger Transport concerns the ineffectiveness of the Transport (Scotland) Act 2001 and the ability to implement it. If you are satisfied with the sanctions, how effectively have you and your predecessor used them? If you are not, tell us what you want us to deliver.

Joan Aitken: I told you that I have not been satisfied with the enforcement regime hitherto, but the fact that we can now start to use the powers gives great cause for hope. The section 39 penalties, which go up to £550 multiplied by the number of vehicles, are good news in that the

Transport Tribunal, which is the appellate body, has said loud and clear in a range of recent English cases that traffic commissioners should not impose penalties at the lower end of the scale. The Transport Tribunal does not expect us to impose penalties at the £50 or £60 level, and I must say that that news was music to my ears. I have certainly been looking at a penalty of £250 to £350 for the first appearance of an operator that has not run to a significant extent. In a recent case, which went to the Transport Tribunal, I imposed a £4,800 penalty on a small operator. Should larger operators come before me, the penalty would be quite a skelp of money.

Paul Martin: Would it? FirstGroup and Stagecoach made record profits last year. Do you really think that Brian Souter or FirstGroup would be concerned about a fine of £4,800?

Joan Aitken: I am in a bit of difficulty, convener. At the start, I alluded to the fact that there might be certain questions that I would prefer not to answer for regulatory or judicial reasons. I have a good reason for not answering a question in which those particular companies are named and, if you do not mind, I will reply generally rather than in the terms in which the question was asked.

I do not think for a second that when the industry is faced with such penalties—as it has been in England when my fellow traffic commissioners have dealt with cases—it enjoys the experience. Although it might be thought that the industry is making a lot of money, it dislikes intensely being penalised by traffic commissioners. The other penalty that I can impose is to put restrictions on an operator's licence in relation to whether it can run any more registered services. That is a difficult one. If an operator is the prevalent operator in an area and there are no competitors, local authorities and the public might not thank a traffic commissioner for using that power even though it might be the power that would have the greatest effect on the operator. Traffic commissioners have to make a judgment on that.

It is open to ministers to increase the £550 penalty figure. There are order-making powers under section 39 and it would be a relatively simple matter for Scottish ministers to decide, after consultation, to increase the figure. If we find that the additional bus monitoring is not having an effect on bus operations and there are still worrisome activities or omissions on the part of large operators, I would be one of the first people to chap on the door and ask ministers to exercise that power. I would do so if I thought that the financial penalty was insufficient to make the regulatory regime effective against the larger operators. At the moment, I have no doubt that the £550 penalty can hit some smaller operators quite hard.

Paul Martin: To simplify the issue, let us say that we had the opportunity to revisit the Transport (Scotland) Act 2001. Are you happy with the sanctions that are available to you? Can you assure the public that you will make the most effective use of the sanctions and additional monitoring powers that you have been given but that, if need be, you will come back to us at a later stage? Are you now in a position to flex your muscles to deal with the operators? If you find that the sanctions are insufficient to deal with certain operators—you do not need to mention any specifically—will you come back to us to ask for increased powers? Are you happy with the powers that you have?

15:45

Joan Aitken: I want to use my existing powers by having more cases presented to me. Obviously, the six monitors will work to targets, but I do not want to see the issue only in terms of the number of cases that come to me. In some ways, that number reflects our failure to improve the operators' game, so I want there to be a parallel move towards best practice. I want to try to ensure that operators provide a better service. Buses should not be put on routes without prior testing and operators should not register more services than there are drivers available. I want to promote quality by encouraging other agencies such as VOSA and the industry itself to ensure that we deliver a better service for the travelling public. In some ways, my regulatory powers should be used as a power of last resort.

However, I would come back to ask for more powers. I suspect that I would not have any choice about doing that, because I think that the committee would want to speak to me anyway. It would probably be a mutual engagement. I share completely the committee's anxiety about the need to improve the situation for people. There is nothing worse than waiting at a dark bus stop not knowing whether the bus has come. That is why, as far as I am concerned, a bus that runs early is an absurdity.

Dr Jackson: I am sure that the Subordinate Legislation Committee looks forward to seeing the further order-making powers that are to come.

On public inquiries and driver-conduct hearings, I imagine from your previous comments that you have taken part in some high-profile cases. Will you give us further general information about those cases? How many of them have there been across the board and what regulatory action has been taken as a result? For example, has anybody's licence been taken away?

Perhaps you could supply the information later.

Joan Aitken: You anticipated me there, as I did not think to bring with me the statistics about

driver-conduct hearings, but we will certainly provide those.

The power to deal with driver-conduct hearings is delegated to traffic commissioners by the secretary of state. In effect, it links into information that is supplied by the Driver and Vehicle Licensing Agency. I see two categories of applicants: large-goods vehicle licence holders, who drive large lorries and suchlike, and passenger-carrying vehicle entitlement holders, who drive buses and coaches. As all such licence holders must be fit to hold the licence, vocational licences have an aspect that is quite different from the ordinary driver's licence, for which there is no fitness criterion.

For most people it is a matter of filling in the form and sending it to the DVLA; they get their licence and there are no issues. However, if an applicant or a driver has a list of road traffic offences or offences that relate to the driving of heavy goods vehicles, such as breaches of the tachograph rules or overloading, depending on the seriousness of the offence the driver will be called to a driver-conduct hearing, at which we will consider the evidence. Some of those drivers will be called in the context of cases against the operator. Where the vehicle inspectorate has found that, for example, tachograph records have not been kept, or that there has been a range of overloadings, the driver may be at a hearing at which the operator is also present.

That applies right across the board, from large-goods vehicle drivers to bus and coach drivers. In relation to bus and coach drivers, there is an additional fitness test that considers relevant conduct. That can be anything that is relevant to the driving of a bus or a coach. We consider other convictions or behaviours, such as sex offending. If there is notification to my office from the criminal record office of a sex offence, and the occupation is bus or coach driver, we call that person to a hearing. Their attendance is not mandatory, but it is difficult for me to be satisfied in their favour if they do not attend and they do not give me the benefit of their side of the story. In my short time as commissioner, I have revoked the licences of a number of sex offenders, who will now not be legitimately driving buses or coaches.

Other cases have involved misuse of drugs offences or repeat instances of alcohol offending or dangerous driving. Traffic commissioners—either myself, my depute or my immediate predecessor—have disqualified for life in some cases. There is provision in the Road Traffic Act 1988 for people to come back after a certain time and ask to be reconsidered. There are certain reconsiderations that we have not granted. We take the responsibility for the safety of the public very seriously. That is what we do in relation to

matters of driver conduct. The issue is obscure in the sense that no one is very aware of it, but we pick up on as much as we can. The DVLA is becoming more sensitive to that need. We have to consider who is in charge of certain vehicles for different purposes. Does that give you a flavour of the issue?

Dr Jackson: Yes.

Iain Smith: You mentioned in your introduction the rule that buses should be no more than one minute early and no more than five minutes late. When a bus passes my road end and it is two hours until the next one, early can be as bad as late. How do you monitor that rule? Do you have any statistics on how Scottish bus operators are meeting that target?

Joan Aitken: I do not have evidence across the board. Two studies involving the Department for Transport are under way and we will have more information with which to answer such a question fairly soon. That is just the sort of question that needs to be answered to give us some idea of what is happening. We will have to watch when that information comes in, because there is a divergence between what is happening and what is possible. I will be concerned, in the travelling public's interest, to consider whether enough is being done to achieve a high level of punctuality. As I mentioned earlier, there will always be excuses; the critical factor will be how the excuses are treated.

Bus operators, particularly some of the large ones, now have sophisticated data on how their buses are doing. Some of the operators have been good enough to let me see the data—they see it as being in their interest to explain some of their genuine difficulties, particularly in urban areas, in getting buses to run to time. The large operators and some of the small ones have invested in equipment and have sophisticated computer printouts of where every bus was at any given time. That has caused me to wonder whether we should consider the matter from the other end, so that there is an up-front demonstration that buses can be run to time. I share those thoughts tentatively, but I have seen some of the data and I think that we might be considering the matter the wrong way round. The industry might take a different view, but I want to have a dialogue and explore possibilities.

I cannot give a national statistic, but I am not sure how meaningful it would be anyway, because it would combine the urban and rural situations. The knowledge that Glasgow buses run fairly well to time would not help a person in considering services from Cupar Muir to Cupar or Auchtermuchty to Cupar, in Iain Smith's area. I hope that bus monitors and those who are responsible for bus management will be mindful of the rural consumer.

Tourist consumers are also important, because it is increasingly the case that people take walking, outdoor and green tourism holidays in Scotland and use the internet to find out more about public transport. We must ensure that services are right for visitors who use public transport as well as for those who live in rural areas. That is also important for youngsters. I have gone down to meet the quarter to 11 bus from town, knowing that it has to get to the village at a certain time, otherwise my kid will be stuck in Inverness. The issue is important to us all.

Iain Smith: To what extent do you work with local authority transport officers to find out how they monitor bus services in their area? Do you have good links with those officers?

Joan Aitken: Eminent representatives of the Association of Transport Co-ordinating Officers (Scotland) are present. I have the highest regard for the association, and I am not just saying that because they are in the room—members will know that from my written submission's description of ATCO's publication as excellent. My office has regular contact with local authority transport officers, not least because we rely on them to give us local knowledge and to help me exercise my discretion about short notice registrations and suchlike.

I have one concern. In any area, a high degree of services are subsidised and the local authority rightly monitors the services in the interests of council tax payers and local finance. Local authority officers do an excellent job of ensuring that contract provisions are met. They use the information for that purpose and to decide whether to renew contracts or use local sanctions. I sometimes think that they almost perform the role of mini traffic commissioners in their territory. They are, rightly, powerful because if a company has a contract, it should deliver. There is a gap between that work and the fact that the information does not come to me to allow me to use the regulatory power. Of course, the local authority, by not accepting the tender or not putting an operator on the tender list because it does not run buses on time, will in effect put that operator out of business or not let it expand, so perhaps the outcome is the same. However, I have started that dialogue and the local authorities know that I want to receive that information. Perhaps, as VOSA develops bus monitoring, there will be greater use of local authority transport officers to feed in information about areas that VOSA should target.

Local authority transport officers do an excellent job and are much engaged in imaginative projects throughout the country, such as the demand-responsive approach in rural Aberdeenshire. We are very excited about that and think that it is good news for the rural traveller. The bus development

grants that section 70 of the 2001 act facilitates present an excellent opportunity for innovation and local authority transport officers are rising to the occasion.

16:00

David Mundell: Do you think that the registration regulations are stifling innovation in the provision of public transport, particularly demand-responsive transport?

Joan Aitken: Not as they are interpreted by me in Scotland. We have used the regulations to the maximum effect. The regulations allow flexibility because there has to be specification and flexibility itself can be a specification. As long as what is on offer to the travelling public is described, we can register it. In England, particular regulations have been made to deal with flexible services and in the early months of those regulations there is growing enthusiasm in England for using them. I will be interested to see how the situation develops, to ascertain whether having specific regulations brings added value, whether by making the application process clearer or administratively easier for operators, or in relation to the enforcement regime. If I consider that our regulations need to be more specific in recognising the new animal, I will approach Scottish Executive officials and, ultimately, your good selves.

We have managed to use the existing regulations to facilitate the Stagecoach venture for commuter travel between Fife and Edinburgh, which is demand responsive. The dial-a-bus system in Strathclyde has been registered under the current regulations. When transport officers in Aberdeenshire Council were at the planning stage of envisaging links from rural areas to services in towns, they helpfully showed us a draft and we found that they were giving sufficient specification to enable us to register.

David Mundell: The evidence that we have heard indicates that the future of bus services in rural areas might be based not on the traditional model of an empty bus running back and forward but on services that are more demand responsive or community transport oriented. Will your regulatory environment allow such services to develop?

Joan Aitken: It is already doing so. I looked at the draft registration for the Aberdeenshire services and I am reasonably happy with what is happening. I am very supportive of what is envisaged for rural transport needs. Technology will take us even further, because the timeframes between making a booking and using the bus will become narrower. We must be in a position to support such innovation.

I think that there is consensus among people such as your good selves, the officials in the Executive, my own office and the operators that that is the sort of innovation that we want to make work. If I felt that the regulations were not serving me, I would push at an open door because I would hate to be placed in a position in which I was stymieing progress in the advancement of those services when there was general agreement that they were needed. We would certainly indicate as early as we could if we felt that there was a regulatory block in the way of something that everybody recognised as a good thing.

Bruce Crawford: That leads very nicely back to taxibuses and the service that is provided by Stagecoach and AA Buses Ltd. The service is certainly innovative and there is demand for it, but to say that there was some misunderstanding and confusion around it—particularly in relation to taxi drivers in the Fife area—would be an understatement. The service led to conflict and there are still vexed issues; when I scrape away at some of the regulatory framework, I am not surprised. The service runs on a registered route, but it can be phoned and will pick someone up at their house, so it feels and looks a bit like a private hire—that is certainly what it looks like to a taxi driver.

I am aware that Joan Aitken was involved in correspondence with the taxi drivers and that she informed them that the service would not require to meet private hire licensing requirements, but only public service vehicle requirements, yet the traffic commissioner's own regulations state clearly that if a vehicle is being used for both private hire and registered services it will need to be covered by both licences. There is confusion about what is required.

The service is great and it is in demand. I can see it going into other parts of Scotland on a considerable scale, particularly in commuter-belt areas, but it appears that there will be conflict with taxi drivers because the regulation is confusing—it certainly seems so to me. People such as my colleagues around the table will be inundated with taxi drivers who are screaming their heads off that what is operating is, in effect, a private hire service that is not being licensed as such. I would like to unpick the issue with you to see whether there is any way of making the regulations much more understandable so that people on both sides of the argument can be involved in a process in which it is clear what the regulation is.

Joan Aitken: We considered the matter in some detail. As members might imagine, advice was taken and we looked at what the taxi operators said through their trade association, individual representations and, in some cases, representations through their elected

representatives. We looked at the issue in detail and although we were respectful of the opposite views that were being put to us, ultimately we were satisfied that the service could be operated under our regulatory regime and that it was not private hire.

The private hire area is a minefield. Work is under way in the Scottish Executive—I understand that the work is at an advanced stage—on civic government licensing; the whole issue of taxis, private hires, levels of vehicles and suchlike is being examined as part of that work. I very much look forward to the outcome of that work, because there are other aspects in which there are grey areas and issues about what constitutes private hire and which vehicles should be licensed under the civic government regime. There can be little gaps.

Ultimately, we were convinced—if we had not been, we would have had a difficulty—that I could grant the registration and I have done so. I suppose that it would have been open for that decision to be challenged in court, but it has not been. I had to consider the applications that were presented to me. We asked the applicants for a lot more specification and they modified aspects of their application to make it more highly specified and more detailed. They had to go through our questioning to satisfy our regulatory regime.

My staff convened a meeting of those who were involved—I would never like the door of my office to appear to be closed to those who have anxieties or differences over our interpretation or to those who want to discuss something—and we explored the issue in considerable detail with the taxi operators. We welcomed them in and we listened—my staff listened, but ultimately that meant that I listened—to the representations that they made. However, despite the submissions and the points that they made, ultimately I was not persuaded that I could refuse the application.

Bruce Crawford: I do not suggest that you should have refused, but I simply point out the considerable level of misunderstanding that exists. Have the traffic commissioners submitted proposals to the Scottish Executive consultation on licensing on how the process might be improved and be made more transparent so that such conflicts can be avoided in future?

Joan Aitken: The work on the Civic Government (Scotland) Act 1982 predated my arrival. Issues to do with other aspects of that, such as small buses and private hire, have certainly been put to Scottish Executive officials at some length, mostly by my predecessor and by one of my members of staff. To be scrupulously honest, I am not sure that the particular points that the taxi operators raised about that application have been expressly fed into the work that is being

done on the 1982 act, but I will advise the Executive officials that you have raised the issue with me today. In that way, it will at least be drawn to the attention of those officials that you have a concern, which I respect.

Bruce Crawford: I will go in a slightly different direction now. Quite rightly, you have talked up the fact that you now have extra bus compliance officers on board. I am glad that the Scottish Executive has paid for those, but why were they paid for by the Executive rather than by the Department of Transport, which is the responsible authority?

Joan Aitken: Aspects of bus transport are devolved—for example, section 39 penalties are made under a statute that was passed by the Scottish Parliament. However, VOSA, which is a UK agency, has been made the repository of the bus monitors because its vehicle inspectorate division has great expertise on road safety. As the supreme road safety enforcement agency in the country, VOSA can examine MOTs and suchlike and it has the power to prohibit vehicles. As you know, VOSA inspectors can inspect school buses at the school gate and stop them there and then. They have enormous expertise. In Paisley, as I described, I saw that there were issues not just to do with buses turning up on time but to do with the quality and presentation of the vehicles. I hope that the expertise of VOSA's vehicle inspectorate division will enhance the role of the bus monitors. A lot of value should be added by the fact that the bus monitors will be so close to their colleagues who work on other aspects of traffic regulation and vehicle examination.

The Scottish Executive and your good selves are putting in a lot of investment. Your committee's proceedings are about delivering quality bus services to the Scottish public at the best value and with the best configuration. It is utterly legitimate for the Executive to make that investment and, as you have seen, I cannot hide my delight about it.

16:15

Bruce Crawford: I am delighted as well. Are the bus monitors responsible and accountable to the Executive, because it has put in the money, or to the Department for Transport?

Joan Aitken: They are, and those who are to be recruited will be, employees of the vehicle inspectorate division of VOSA. Ultimately, VOSA is an agency of the Department for Transport, although I keep mentioning the vehicle inspectorate division because everybody knows what it does. There is a service-level agreement with the Scottish Executive whereby VOSA has to report—I cannot remember whether the reports

are monthly or quarterly—on what it has done with the money. It also has to report back to me because I asked to be told about that as well.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I am sorry that I was not here at the beginning of the meeting. I want to raise one matter with Joan Aitken. When the owner of a taxi business obtains a bus licence and decides to desist from running a bus service in the evenings in order to continue to operate taxi services—I am describing a general scenario rather than an individual case—who has the power to deal with the matter? You describe this year as the year of the bus, but for such an area it would be the evening of the taxi.

Joan Aitken: Extremities of the day are a problem for those who rely on public transport, whether they are in rural or urban areas. You are right to highlight what we do about the travelling public at the extremities of the day. Low-paid shift workers and young people are the groups that occur to me when I think about that.

Under the current regulatory regime, I have no power to require an operator to run bus services in the evening as part of his or her operation. I just do not have the powers in statute to do that. Conversely, I can restrict what operators do if they are subject to regulatory action by me, and there are certain things that I can order proactively, but not in relation to the running of services. On one level, some people might regard the situation that you describe as a cute arrangement, but on another level it might be that one would not run a 35-seater to take two folk home along a particular route. The situation occurs in many urban communities as well as in your constituency, which is semi-urban as well as rural, and buses evaporate come half past 6. That is a major problem for local authority transport officers in that subsidised services have to go in and there are questions about the volume of such services.

The problem vexes many people who are interested in whether deregulation has served the travelling public. There can be a concentration of services during the day but at the extremities of the day there is nothing. I do not have to tell you that in many ways that comes down to economics. On whether a taxi business owner can be ordered to run bus services in the evenings, the answer is that I do not have the power to do that.

The Convener: That brings us to the end of our questions. Thank you for your comprehensive presentation and interesting answers to our questions this afternoon.

Joan Aitken: Thank you for inviting me. The door to my office is open to you and your colleagues. As I said in my submission, one member kindly invited me to one of his public

meetings so that I could hear the voice of the public. I hope that I will engage with you and your colleagues again soon.

The Convener: I am sure that some of my colleagues in both this committee and other parts of the Parliament will take up that opportunity. Thank you.

We move on to our final panel of witnesses—they are last, but by no means least, I am sure. I welcome representatives of the Association of Transport Co-ordinating Officers (Scotland): Lesley Millar is the chair, David Taylor is the vice-chair and Roy Mitchell, whom I know well from his role in West Lothian, is chair of the bus sub-committee. I invite Lesley Millar to make some introductory remarks about the association's views on the implementation of the 2001 act, in particular in relation to bus services.

Lesley Millar (Association of Transport Co-ordinating Officers (Scotland)): On behalf of ATCO (Scotland), I thank you for giving us this opportunity to speak to the committee. I will keep my opening remarks fairly brief so that we have time to take as many questions as possible.

Joan Aitken referred to the ATCO publication on quality partnerships and quality contracts. Members of the committee have received a copy of the document, which shows that a great deal of partnership working is going on throughout Scotland on a voluntary basis and is achieving positive results. As we say in our written submission, many councils see no need to enter into formal quality partnerships or quality contracts with operators, because they consider that we can work effectively on a voluntary basis. The biggest drawback that we envisage to providing partnership working and delivering the quality bus services and infrastructure that the Scottish Parliament and the Scottish public want is our lack of financial resources. We acknowledge that in a small number of areas in Scotland there are problems in delivering the services on a partnership basis. Members are aware that West Lothian is one such area. In such areas we are considering quality partnerships and quality contracts as possible ways forward.

We were also asked to consider concessionary travel at today's meeting. The introduction of free travel for elderly and disabled people on local bus services has resulted in our spending an inordinate amount of time negotiating with operators and administering schemes. It is fair to say that the schemes have diverted our energies and those of operators and local authorities away from service delivery and work on the partnership issues that we are also considering today. ATCO therefore welcomes the imminent introduction of a national concessionary travel scheme with nationally agreed reimbursement rates. We hope that the scheme will be introduced soon.

In our submission we list our concerns about the current free travel schemes. I highlight our concern that the social inclusion agenda has not been fully addressed, in particular in rural areas where there are no bus services for people to use, but also specifically in relation to the travel needs of disabled people. Many disabled people are not able to travel on conventional buses and use community transport and taxi-card services. The fact that such individuals do not benefit from free travel should be considered.

I will conclude my opening remarks and take questions from members.

The Convener: I will start off. Your written submission draws attention to the fact that local authorities in England often receive more resources for the development of local transport networks than do authorities of a similar size in Scotland. As an example, you compare South Somerset District Council's rural transport funding with the funding received by North Ayrshire Council, which has a similar size of population. If Scottish local authorities were to receive such levels of support, how should they use those resources? Should they expand contract services or should they develop quality contracts? Alternatively, is there another way in which that funding should be used? If additional resources were made available, to what degree should those be ring fenced for public transport services to prevent them from disappearing into other parts of local authority expenditure?

Lesley Millar: Additional money could be used for a whole range of options, from service provision to infrastructure, to provide quality services. As our written submission points out, the provision of services on a wholly tendered basis occurs only in certain areas, so we are not able to provide quality services, such as low-floor buses or services that have the frequency that we desire. The provision of additional resources would allow us to address those sorts of issues.

We would also like to improve the associated infrastructure to provide high-quality services. We need good vehicles but we also need to provide good waiting facilities and good information. It is no use having low-floor buses if people cannot get on them. We need to put in place bus boarders to give people easy access to the bus from the kerb. Such associated bus priority issues, including the whole range of work that we highlighted as on-going on a voluntary partnership basis, are the sort of thing that we want to tackle.

On whether additional transport funding for local authorities should be ring fenced, as a professional organisation we are in favour of that, but we realise the difficulties with that. The Executive has provided some ring-fenced moneys. In this case, that may also be the way forward.

The Convener: The submission suggests that a medium-sized local authority would require an additional £1.5 million. If public transport funding for Scottish local authorities were to be put on a level playing field with funding for English authorities, what would that equate to in the total Scottish budget?

Roy Mitchell (Association of Transport Coordinating Officers (Scotland)): We suggest that an additional £1.5 million is required for an average-sized local authority, so that would amount to about £50 million for Scotland as a whole. That is probably a reasonable figure.

The Convener: What would the comparable figure be for the existing level of total available funding—both support for the concessionary fares scheme and other forms of support for local government transport expenditure?

Lesley Millar: We would like to come back to you on that one.

The Convener: If you do not have that figure to hand, it would be useful for us to get it in writing afterwards.

Before handing over to some of my colleagues, I would also like to ask you what you view as being the benefits of having a national standard of bus service provision. Why does ATCO consider having a national standard to be preferable to having local standards set by local authorities?

16:30

Lesley Millar: We would like there to be a national standard, or a national minimum, so that a settlement of a certain size would have the guarantee of, for example, a daily or hourly bus service. If someone lived in a certain size of community, they could be guaranteed a certain standard of service. That is how we have approached the matter. Certain communities of comparable size have very different service levels. It is a source of great frustration to people living in those communities if they see provision in one part of their area that is different from that in another part of that area, or in another area of Scotland. It is those anomalies that we would like to iron out a little bit, so as to establish a base level of service provision.

The Convener: I had meant to ask this as a supplementary to my opening question. West Lothian Council has been in discussion with the Executive over the question of quality contracts, and I believe that other local authorities have also had some exploratory discussions on that. What degree of encouragement or support have local authorities received from the Executive thus far in setting up quality contracts, in either logistical or financial terms?

Lesley Millar: I am not aware of any other authority having had much consultation with the Executive. West Lothian Council, which is the exception at the moment, is looking to pursue those contracts further than other authorities are.

Roy Mitchell: We have been encouraged about the method of introducing quality contracts. The financial aspect of it is another matter, of course—there are costs involved. The Executive needs to do a lot more work on those contracts before it can even consider allocating additional moneys. At the moment, we are very much at the learning stage on quality contracts. Nobody has done one yet, so we are very much feeling our way.

The Convener: I am aware from the evidence given to us by First that it has taken on board some of the criticisms that have been made about bus services in West Lothian. Do you feel that the major bus operator in the area, in reacting to concerns, will make progress in enhancing bus services?

Roy Mitchell: It is fair to say that that has reached chief executive level at FirstBus: Mr Lockhead has visited the area on two occasions. There is a genuine willingness on the part of First, as major bus operator, to try to get things right. There are problems with reliability and quality of service.

The quality contract is a useful tool. The question was asked whether it would be helpful if we had control over the service that was being offered. First and the other operators are negotiating with us and are discussing the best way forward. In their view, the quality contract should not be necessary. We have taken that view as well. If the registration of services goes as it should and if services run as they should, then we do not need to go any further. The problem is that we are not at that stage at the moment, and that is why we are considering the contract option. We are considering the partnership option as well.

Michael McMahon: You are concerned that there is no dedicated Scottish Executive funding stream for bus infrastructure improvements. How would you see that working in practical terms? What, specifically, is required to allow improvements to benefit from funding in the way that you would like?

Lesley Millar: In previous years, local authorities have been able to bid for public transport fund moneys. When they wanted to set up partnership arrangements with operators, they would bid to the Executive for funding for various schemes. For example, some of the bus priority and park-and-ride measures in Aberdeenshire and, I think, the Ferrytoll scheme came about through public transport fund bids to the Executive, because local authorities did not have

funding available in their budgets to pay for the infrastructure provided. However, there is concern about the bid process. Local authorities are encouraged to produce local transport strategies that identify what the authorities want for their areas, such as the encouragement of modal shift from cars to public transport. In a bid process, there will be winners and losers, so local authority aspirations will not necessarily be fulfilled.

Michael McMahon: A criticism of any bidding system has always been that an awful lot of work is required but the bidder might not end up with any money. Would you like such issues to be removed from transport funding, so that there would be direct access for local authorities to a certain amount of funding, regardless of the size of the fund?

Roy Mitchell: I draw an analogy. There is no bid process for allocation of the rural transport funds that the majority of local authorities receive. It is safe to say that all local authorities spend that funding wisely, because 100 per cent of the money can be used to benefit the travelling public, without the requirement to bring in consultants to draw up reports.

Michael McMahon: That sounds like ring fencing.

Lesley Millar: I was going to say that. The money is ring fenced—that is the big issue.

Michael McMahon: That is always an issue between local authorities and central Government, but I take your point.

Iain Smith: We have heard evidence from a number of witnesses during the past weeks that, in the existing concessionary fares schemes, local authorities do not provide sufficient reimbursement to scheme operators. What is ATCO's view on that?

Lesley Millar: Local authorities are obliged to ensure that operators are no better or worse off as a result of providing concessionary travel schemes. That is the basis of the negotiations that we have undertaken with operators. Until there are challenges and reimbursement levels are tested, it is extremely difficult to say whether we have got the sums right. However, there is general concern among operators and local authorities about the extensive negotiations that must take place on reimbursement and about the number of schemes in which operators participate. For example, you heard from witnesses from Strathclyde buses, which I think is party to five different travel concession schemes and five different reimbursement rates.

For that reason, ATCO wants to move quickly to a national concessionary travel scheme with nationally agreed reimbursement rates. There would not have to be just one rate; there could be

different rates or a reimbursement formula. We do not yet know what the system should be; it is difficult to devise a system that is equitable and agreeable to everybody. However, that should be the next step, rather than considering whether we have got the current system right. The aspiration is to provide free national travel and the sooner we do that, the sooner not just the operators but the public will benefit.

The public are utterly confused by the mismatch between the different travel concession schemes that currently operate. For example, an Angus pensioner may travel freely in Dundee before 9.30 am, but a Dundee pensioner must pay a fare. Indeed, an Angus pensioner may travel freely in Dundee all day, but a Dundee pensioner may not do so in Angus. Through our postbags, we hear of such anomalies day in, day out and dealing with such matters takes us away from our day-to-day job of trying to encourage innovation and good practice in delivering public transport services.

Iain Smith: In your submission, you identify some of the problems with the current local schemes, such as

“Lack of capacity—impact of this on the ability to achieve modal shift”

and

“Impacts on commercial freedom”

of operators. What evidence is there for those concerns?

Lesley Millar: I found it difficult to get a seat on the bus to the railway station today, which is increasingly the norm in my area—I come from Angus. The witnesses from Strathclyde said that the operator is experiencing passenger growth in the area that it serves. That might not be the case in all areas of Scotland, but in some areas the number of people travelling on buses has increased, and capacity is an issue. If we want to encourage someone to get out of their car and travel on a bus, it is not attractive to them if they have to get on a full bus and fight their way to find a seat. Some free seats have to be provided to encourage people to make use of buses. Having to wait for the next bus to come along so that you can get a seat is not acceptable.

Iain Smith: I would like to take that further, and move on to the national concessionary scheme, which the Executive's budget shows will cost more than £100 million a year to implement. How do we ensure that that £100 million is used in a way that enhances the service for everyone, not just those who use concessionary schemes?

Lesley Millar: We are concerned about the funding of services. A number of rural authorities get more money from the Executive to pay for travel concessions than is actually spent on

concessionary travel. My own authority spends more than £100,000 on duplicate services in its area. We have put a lot of money into additional services, such as providing services on more than one day a week for people in rural areas and enhancing frequencies to meet the demand.

Iain Smith: In your submission, you express concern that when the national concessionary fares scheme comes in,

“All existing expenditure on local bus service support must be protected”.

Given that additional money is going in, what is your concern? Why do you think that there could be a threat from the national concessionary fares scheme to existing local support?

Lesley Millar: At the moment, we are using concessionary travel moneys to provide local bus services. If our grant-aided expenditure for concessionary travel was taken away from us, we would have a massive shortfall in local bus service funding, and would have to take away existing tendered bus services. We could see massive cuts in rural areas.

Iain Smith: So there might be a mismatch of resources. For example, in urban areas local authorities might spend more money on concessionary schemes than they get in grant. Are you suggesting that, when the scheme comes in, we might need to examine the formula for local authorities?

Lesley Millar: It is an interesting question.

Iain Smith: If the Executive takes away all the money for concessionary schemes, Angus, as a rural authority, will lose out, the net effect of which might be that another authority gains. As part of bringing in the national scheme, do we need to examine the formulae to ensure that that does not happen?

Lesley Millar: That is correct. Our local bus service money needs to be guaranteed. You have to realise that there is a link between local bus service subsidy and concessions. The concessionary travel scheme has been successful. The figure in our submission that compares the last quarter in the first year with the equivalent quarter the year before shows 40 per cent growth. The number of people who are travelling on public transport has increased dramatically. If the concessionary scheme for young people generates additional travel, we will need additional services. The issue is how much of that local authorities will have to pick up and provide through the tender process.

Iain Smith: So your concern is that if the national concessionary scheme is not set at the right rate, it will result in bus companies not being able to provide commercially additional services to address capacity issues.

Lesley Millar: That is correct. There is no guarantee that the operators would provide services on a commercial basis. It is a bit like asking us about ring-fenced money for the operators. There is no guarantee that they would put the money back into service provision.

Roy Mitchell: It is felt that, with a national scheme, people will travel further, which will put even more pressure on bus operators. Our colleague from Highland region comments that there is now huge demand in Thurso and Wick for free travel to Inverness. That does not help the economies of Thurso and Wick a great deal, but additional resources require to be provided to allow people to travel distances. If that is extended throughout Scotland, there is huge potential for people to travel great distances at no charge. That is where the costs need to be carefully monitored. Bus companies will reach a point at which they just cannot provide more resources at a reasonable cost, because it would mean bringing in extra vehicles and drivers and the cost per head would be phenomenal.

David Taylor (Association of Transport Co-ordinating Officers (Scotland)): Additionally, there are the shorter journeys—passengers who just go one or two stops—which would not normally be covered by concessionary fares. Those lead to additional costs for bus operators, such as wear on the brakes and seats and so on. All those additional costs have to be taken into account.

16:45

Paul Martin: Will you explain why the creation of the national concessionary fares scheme would have an impact on locally tendered bus contracts? I think that you mentioned something about that in your evidence.

Lesley Millar: Only from the funding aspect, which is really the answer to the previous question. As Roy Mitchell says, the provision of a national scheme will raise expectations for journeys to be available. To be parochial again, in my area, if free travel were available, many people would want to travel from Angus to Perth. There is a once-a-month shoppers service between Forfar and Perth that will not meet public demand. I am convinced that my postbag will be full of requests for a service that is at least daily. We will have to consider those new links, and they will come at a new cost. I do not think that operators will necessarily rush to provide those services on a commercial basis in the first instance. Authorities will probably tender them, and as the service begins to build up, they might change to adopt a commercial remit.

Fergus Ewing: I am listening with great interest to the answers that you have all given to Iain

Smith and Paul Martin because they seem to indicate that, if there is to be a national concessionary fares scheme whereby senior citizens obtain free travel on the buses, there will be a number of consequences that would perhaps not be immediately obvious to those who, unlike you, lack the detailed knowledge of how things work in practice. That includes real pressure on existing services, perhaps driving full-fare paying passengers off the bus and back into their cars, which we would not want, and putting real pressure on the overall costs.

Is it fair to say that the policy of saying, "Here is a pot of £110 million that will deliver a concessionary fares scheme" is wrong, and that really the approach should be to present a clear national plan and to consider the options? Option 1 might be full concessions, with free fares or no fares at all; and option 2 might be half fares, perhaps for a wider group, perhaps including young people, and those with a disability and their carers.

I do not know whether this is incompetent—sometimes I get slapped down for asking incompetent questions, although not by this convener.

Iain Smith: Yet.

Fergus Ewing: Indeed.

It occurs to me that, if there is to be a national scheme, which should be a simple scheme—there is a consensus about that—so that everybody knows where they are, it should be not just for the buses, but for the trains and ferries as well. It might then be far too expensive to provide free travel even to senior citizens. Would you consider it worth while at least to explore the possibility of a half-fare concessionary scheme for desiring, needy groups, which would apply to buses, trains and ferries, rather than simply to buses?

Lesley Millar: There is a concern that the scheme is restricted only to buses. In island communities, ferries are the equivalent of buses. As our submission states, we want a truly national scheme in which every cardholder receives the same benefits, so it must cover registered buses and ferries. We agree whole-heartedly that ferries should be included.

ATCO has debated whether rail travel should be included in the scheme, but we are aware of the possible cost implications of the scheme as it stands at the moment, so we did not go into that issue too far. However, local authorities would welcome the inclusion of rail travel in the scheme because quite a few journeys can be made by train. Why commit extra resources to buses when seats are available on trains?

What was the other part of your question?

Fergus Ewing: I have forgotten—it was far too long.

Lesley Millar: I remember now. It was about whether people would be willing to pay. Research shows that there is a willingness on the part of senior citizens to pay. In fact, the first indications were that people were surprised that travel would be free. Some people felt that they would like to pay a nominal amount, although nothing terribly excessive. For national travel, we do not see a problem with a charge. From the professional viewpoint, the difficulty is how to define when we would start to charge. Would journeys of more than 10 miles be charged? How would we create a limit past which people had to pay that was easy for bus drivers to understand? The difficulty is to find an option that will work. In principle, we agree that the option should be pursued, but the issue is to find a system that is clear to everyone so that there is no ambiguity on the buses. We do not want situations in which a person says, "I am going 10 miles," and the bus driver replies, "No, madam, you are going 11 miles." We do not want arguments or to make bus drivers defend the scheme; we want a scheme that is clear and easily understood.

Roy Mitchell: One option might be to charge all scheme users a quarter fare for every journey, which would be simple to work out and understand. Rather than free concessionary fares throughout Scotland, there would be quarter fares throughout Scotland. That would be easier for drivers to understand than if the scheme involved free fares for 9 miles and half fares beyond that, which, as Lesley Millar rightly said, might result in people arguing about how far they are going. Whatever scheme is devised, it must be simple enough to allow everyone—drivers, users and local authorities—to understand it.

Fergus Ewing: Simplicity should be a key priority for any scheme, although it might be difficult to achieve.

I return to the idea that the concessionary scheme should include rail travel. I hope that I am not taking Marjory Rodger's name in vain, but at our previous meeting, I think that she said that 70 per cent of passenger journeys on public transport are on roads, which means that only 30 per cent or thereabouts are by rail. If that is the case, even though people may tend to go for longer journeys by train, a half-fare concessionary scheme that applied to trains and buses could be slightly cheaper than a free concessionary scheme simply for buses.

Lesley Millar: Until there have been negotiations with the rail companies on reimbursement, it would be difficult to judge the costs. However, the suggestion is worth considering.

The Convener: In recent years, the use of public transport, particularly buses, has increased, which is encouraging after about four decades of decline. Does ATCO have any analysis of the background to the increases? For example, what proportion is a result of concessionary travel, what proportion is because more people are in employment and what proportion is a result of people trying to avoid congestion by not using private cars?

Lesley Millar: We have not done such an analysis. There are a range of reasons for the increase, some of which you gave, but we have not done any research on the matter. The Scottish Executive could consider that as a research project. To get down to that level of detail, bus travellers would have to be interviewed. The answers might be interesting.

The Convener: One concern that operators raised when the original concessionary scheme was introduced was about the lack of a protected window during the evening peak. The operators were concerned that that would mean that full-fare paying passengers might be squeezed out because they would not rush to travel on buses that were full. Is there any evidence that that has come to pass?

Lesley Millar: I am aware of instances in which individuals have stopped travelling by bus because they were fed up with buses passing by full and having to wait for the next one. However, that is anecdotal evidence; we do not have concrete statistics. It is true that, in many local authority areas, the peak time for bus journeys is the evening peak, not the morning one.

The Convener: That brings us to the end of our questions. I thank Lesley Millar, David Taylor and Roy Mitchell for their evidence. I also thank colleagues and members of the press and public who attended all or part of the meeting.

Meeting closed at 16:55.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

No proofs of the *Official Report* can be supplied. Members who want to suggest corrections for the archive edition should mark them clearly in the daily edition, and send it to the Official Report, Scottish Parliament, Edinburgh EH99 1SP. Suggested corrections in any other form cannot be accepted.

The deadline for corrections to this edition is:

Friday 5 November 2004

Members who want reprints of their speeches (within one month of the date of publication) may obtain request forms and further details from the Astron Print Room, the Document Supply Centre or the Official Report.

PRICES AND SUBSCRIPTION RATES

OFFICIAL REPORT daily editions

Single copies: £5.00

Meetings of the Parliament and annual subscriptions: £350.00

The archive edition of the *Official Report* of meetings of the Parliament, written answers and public meetings of committees will be published on CD-ROM.

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £3.75

Annual subscriptions: £150.00

Standing orders will be accepted at the Astron Print Room.

Published in Edinburgh by Astron and available from:

Blackwell's Bookshop
53 South Bridge
Edinburgh EH1 1YS
0131 622 8222

Blackwell's Bookshops:
243-244 High Holborn
London WC1 7DZ
Tel 020 7831 9501

All trade orders for Scottish Parliament documents should be placed through Blackwell's Edinburgh

Blackwell's Scottish Parliament Documentation
Helpline may be able to assist with additional information on publications of or about the Scottish Parliament, their availability and cost:

Telephone orders and inquiries
0131 622 8283 or
0131 622 8258

Fax orders
0131 557 8149

E-mail orders
business.edinburgh@blackwell.co.uk

Subscriptions & Standing Orders
business.edinburgh@blackwell.co.uk

RNID TYPETALK calls welcome on
18001 0131 348 5412
Textphone 0845 270 0152

sp.info@scottish.parliament.uk

All documents are available on the Scottish Parliament website at:

www.scottish.parliament.uk

Accredited Agents
(see Yellow Pages)

and through good booksellers