

Net Zero, Energy and Transport
Tuesday 29 April 2025
15th Meeting, 2025 (Session 6)

Note by the Clerk on rail and bus operators and companies evidence session

Introduction

1. The Net Zero, Energy and Transport Committee agreed to take evidence from stakeholders on the challenges facing Scotland's rail and bus sectors over two meetings on 22 and 29 April. These meetings are intended as 'stock-takes' on the main challenges for the rail and bus sectors in 2025.
2. On 22 April the Committee took evidence from representatives of bus and rail passengers and staff across two panels. The minute and official report for that meeting are available on the [Committee's website](#).
3. The 29 April meeting will include hearing from operators, owners and freight representatives.

Buses

4. Bus services have been considered by the Committee in recent scrutiny of subordinate legislation:
 - a. the National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2025 on [25 February 2025](#). As highlighted in the Committee report, the issues raised included access to services, behaviour change, and reimbursement rates.
 - b. And the Local Services Franchises (Traffic Commissioner Notices and Panels) (Scotland) Regulations 2024 on [29 October 2024](#). As highlighted in the [Committee report](#), the issues raised included the risk of legal challenge to franchising schemes and concerns about delays to franchising.
5. The Scottish Government currently provide funding for the National Bus Travel Concession Scheme for Older and Disabled Persons (ODPS) and for National Bus Travel Concession Scheme for Young Persons (YPS). The Scottish Government budget has over £400 million on concessionary bus travel in 2025-26.
6. The Scottish Government, through Transport Scotland, also fund the Network Support Grant (NSG), which is a discretionary grant available to eligible commercial and community bus operators. The NSG is paid at 14.4 pence per kilometre per bus and is intended to contribute to the costs of running services, with a focus on 'keeping fares more affordable and networks more extensive than [they] would otherwise be'.

7. The Confederation for Passenger Transport (CPT) commissioned a report produced by KPMG in 2024 on [Trends in Scottish bus patronage](#) which covers several issues facing the bus sector in Scotland which may be raised by Members.

Rail

8. The Committee has held evidence sessions on rail services annually since ScotRail entered public ownership in 2022. It most recently heard from railway stakeholders and operators at its meeting on [19 March 2024](#).
9. While the Scotland Act 1998 defined the provision of rail services as a reserved matter, the Scottish Government is responsible for the letting and management of Scottish passenger rail franchises – currently ScotRail and Caledonian Sleeper.
10. Since 1 April 2022, ScotRail services have been provided within the public sector by ScotRail Trains Ltd, under the auspices of its holding company, Scottish Rail Holdings Ltd. Both organisations are private limited companies owned by, and operated on behalf of, the Scottish Ministers. The boards of both companies are appointed by the Scottish Ministers. Details of this management structure are set out in [a Framework Agreement](#).
11. Caledonian Sleeper is also operated by franchising arrangements having been brought into public control in June 2023. Services are operated by Caledonian Sleeper Ltd as a private company wholly owned and managed by Scottish Rail Holdings Ltd on behalf of the Scottish Government. Further details can be found on [Transport Scotland's website](#).
12. The national rail infrastructure across Great Britain is owned by Network Rail, a publicly owned body of the UK Department for Transport. The Scottish Government are responsible for setting a high-level strategy and providing funding for the maintenance and enhancement of Network Rail infrastructure in Scotland over multi-year “control periods” which are established through a “periodic review” process.
13. The Scottish Government trialled removing peak fares from ScotRail services between October 2023 and September 2024. However, the 2024 [Transport Scotland analysis](#) of the pilot said that “while there has been a limited increase in the number of passengers during the pilot, it did not achieve its aims of encouraging a significant modal shift from car to rail.” and the Cabinet Secretary for Transport ended the scheme as a result.
14. The Scottish rail network is shared between passenger operators and licenced private sector rail freight companies. The Scottish Government provides financial support to companies wishing to develop infrastructure required to use rail for freight purposes through its [Freight Facilities Grant scheme](#), and to cover increased operating costs of switching from road transport through its Mode Shift Revenue Support Scheme.
15. The Office of Road and Rail provide annual summaries of key statistics for rail operators, the most recent of which are available below:

- a. [ScotRail](#)
- b. [Caledonian Sleeper](#)

22 April evidence session

16. During the 22 April meeting passenger and staff representatives raised several issues which Members may also reflect on during the 29 April meeting with operators, owners and freight representatives. A short summary of the key issues raised is included below.

17. Some challenges affecting both the bus and rail sectors included:

- a. Reliability of both bus and train services, including the availability of services, their regularity, and whether they arrived on time.
- b. Challenges facing bus and train services in rural areas compared to urban parts of Scotland, including the regularity of services and the funding for services running with lower patronage.
- c. Safety on services for both users and staff including a reported rise in anti-social behaviour and the option of removing concessionary cards on both buses and trains from repeat offenders.

18. Specifically on buses, witnesses raised several issues with Members on 22 April, including:

- a. Concessionary bus travel, its cost, and the impact in the long term on bus patronage. Related to this, witnesses also discussed the Network Support Grant's effectiveness at supporting routes and alternative funding models.
- b. Bus stop facilities including protection from rain and wind, lighting, and real time bus information.
- c. Making bus services more comfortable, clean and accessible to users and improving facilities on services including toilets on longer distance bus services.
- d. Funding models for bus services, including discussion on franchising, municipal ownership and privately owned bus companies.
- e. Bus priority measures and their delivery.

19. Specifically on rail, witnesses also raised:

- a. Reducing hours in booking offices at train stations and the impact on anti-social behaviour at stations.
- b. The question of whether the alcohol ban on train services in Scotland has been effective in reducing problematic drunken behaviour.

- c. The lack of improvement in the public performance measure (which shows the percentage of trains which ran their entire planned journey, calling at all scheduled stations and arriving at their terminating station within five minutes of the published arrival time) of ScotRail since nationalisation of ScotRail in 2022.
- d. The procurement of new rolling stock to replace diesel High Speed Trains (HST) used on Inter7City services. This also included discussion on a publicly owned rolling stock provider and alternative fuels for new rolling stock including electric battery or hydrogen powered trains.

29 April evidence session and next steps

20. On 29 April the Committee will hear from two panels of witnesses. The first panel is representatives of bus operators and the second panel is representatives of rail operators, owners, and rail freight. Witnesses will be from:

- a. Panel 1:
 - i. Confederation for Passenger Transport Scotland (CPT)
 - ii. Stagecoach
 - iii. First Bus Scotland
 - iv. Lothian Buses
- b. Panel 2:
 - i. ScotRail
 - ii. Scotland's Railway
 - iii. Caledonian Sleeper
 - iv. Rail Freight Group (RFG)

21. The Committee gave witnesses the opportunity to provide written evidence in advance of the meeting and received one response:

- a. Confederation for Passenger Transport Scotland (Annexe A)

22. The 22 and 29 April meetings focussing on the bus and rail sectors form part of the Committee's rolling scrutiny of these areas over this session. The Committee may use the evidence heard to follow up with witnesses, Scottish Government and other stakeholders after the meeting, or consider the evidence heard in future scrutiny, including of the [Scottish Government's draft Climate Change Plan](#) later in 2025.

23. The Committee will discuss the evidence heard at the end of the meeting.

Clerks to the Committee
April 2025

Annexe A – Written evidence from Confederation for Passenger Transport (CPT)

Dear Convener,

Thank you for the invitation to give evidence to the Net Zero, Energy and Transport Committee on 29 April on key issues affecting Scotland's bus sector. This advance submission aims to provide some context for the discussion and summarise these key issues.

The Confederation of Passenger Transport (CPT) is the trade association for the bus and coach sector. We support and represent operators and suppliers and work closely with Transport Scotland and other stakeholders on a range of issues including compliance, safety, concessions, decarbonisation and a range of other policy areas.

Bus in Scotland

Bus remains the most popular form of public transport in Scotland, accounting for 74% of public transport journeys¹. The recent Transport Focus 'Your Bus Journey' shows overall 86% passenger satisfaction with their journey, with satisfaction highest in the SPT region at 89%.

Research conducted by KPMG for CPT in 2024² demonstrated the economic and social contribution that bus makes in Scotland:

- By employing 7,000 people and supporting the employment of others in the supply chain, the Scottish bus sector contributes £475m to the economy each year
- Bus passengers contribute significantly to their local economies by spending almost £3bn each year in shops, cafes, restaurants and leisure destinations
- Commuters who use the bus to travel to work contribute £11.5bn to the economy each year
- Every additional £1 invested in bus can secure wider social and economic benefits equal to £4.55

Bus services are delivered by hundreds of different operators across the country including large, medium and small operators, local authorities, and community transport providers. Many bus (and coach) operators provide a variety of services in their communities which may include school and employer transport and private hire, or tourist services such as coach tours, sightseeing and airport buses.

¹ Scottish Transport Statistics 2024, Published March 2025

² Economic Impact of Local Bus Services, September 2024, <https://www.cpt-uk.org/media/couiyy5y/240902-economic-impact-of-bus-final.pdf>

Trends in Scottish Bus Patronage

KPMG published this report³ in 2024. It is an update on work previously published in 2017, analysing trends in bus journey numbers and considering the bus sector as part of the wider environment which is therefore affected by a multitude of societal and economic factors and disruptors. Some of these trends and disruptors impact on the need to travel, either positively or negatively, and some influence the price, quality, and availability of alternative transport modes.

Competition from cars has historically been, and remains, the primary negative influence on bus use. Any increase in bus use due to population growth is offset by car ownership and use. These socio-demographic factors account for 43% of the decline in bus use.

Congestion and Bus Priority

Trends in Bus Patronage estimates that 20m fewer trips are made annually due to increased bus journey times resulting from congestion.

The Committee will be aware of the 'virtuous cycle' whereby giving bus and coach priority over private vehicles can improve the journey time and reliability valued by passengers and potential passengers, which in turn can increase ridership and demand, raising revenue and service provision and availability.

In January 2024, due to budget constraints the Scottish Government paused and later cancelled the £500 million Bus Partnership Fund, having spent only £27 million (less than 6% of the budget). The Bus Infrastructure Fund announced in the 25/26 budget will, we understand, comprise elements of both the Bus Partnership Fund (to partnerships for larger scale bus priority projects) and the Community Bus Fund (to Local Authorities for infrastructure and accessibility improvements such as bus stops and Real Time Information Systems). It is our hope that the spend on this will provide strong evidence of the economic and social benefits of investing in bus priority, and that in future years multi-year funding may return.

Recent work by Transform Scotland⁴ suggests that additional public engagement work is required to increase and improve public awareness of different bus priority measures. This research also identified a need for better enforcement, which many of our operators also highlight as a concern, for example to deter parking in bus lanes and at bus stops.

³ Trends in Scottish Bus Patronage, September 2024, <https://www.cpt-uk.org/media/b3rgvsvx/trends-in-bus-use-in-scotland-final-20240904.pdf>

⁴ Life in the Bus Lane, March 2025: <https://transform.scot/wp-content/uploads/2025/04/Life-in-the-Bus-Lane-Transform-Scotland-2025-04-02.pdf>

Road Works

In addition to congestion and competition from private vehicles for road space, the impact of road works on bus journey time and reliability has emerged as a key concern for operators, with reduced road space and diversions impacting on journey times, reliability, costs and patronage. This was a key topic at a recent roundtable session between bus operators and the Minister for Connectivity, Mr Fairlie.

This concern is shared across Britain, with the House of Commons Transport Committee currently undertaking its own inquiry⁵ into the issue which CPT have given evidence to on the impact on bus. While different processes are in place in different nations, a number of stakeholders have noted that the use of ‘emergency’ or ‘urgent’ notices to carry out work appears to be increasing across all countries. CPT Scotland has met with the Scottish Road Works Commissioner in recent months to raise these concerns and understand their cause, and we hope to progress this further in finding solutions that benefit bus operators and their passengers. These could include:

- Improved consultation and coordination with operators
- Increasing the search radius for potentially conflicting registered works
- Limiting the number of roadworks permissible on a registered bus route
- Improving Traffic Management administration
- Improving response times to temporary traffic light failures
- Priority passage for public transport over private vehicle
- Enhanced communication in advance and from beginning to end of the works
- Increased parking enforcement/bus lane enforcement within the work impact area
- Support for alternative arrangements including utilities covering additional operator costs and a statutory access requirement to ensure that access to bus services is maintained for users
- Stronger enforcement of overruns
- Bus champions within the highway authority function

Bus Sector Funding

As the Committee will be aware from their consideration of Concessionary Travel Orders, the majority of funding for bus in Scotland is reimbursement payments (on a no better no worse off basis) for carrying passengers under the Older and Disabled Persons and Young Persons Travel Schemes. For the first time in 23/24 over half of bus journeys in Scotland were made by concessionary passengers. Of the £468.2m

⁵ <https://committees.parliament.uk/work/8705/managing-the-impact-of-street-works/>

25/26 budget line 'Concessionary Fares and Bus Services', £414.5 is for concessionary fares.

The Support for Bus Services line - £49.5m – is the core funding for bus, the Network Support Grant (NSG). NSG is claimed by commercial and community bus operators to keep fares lower than they would be otherwise and support marginal services. As the Committee has noted previously, the rate of 14.4ppkm has not increased since its introduction in 2012/13 (apart from Covid related additional support).

During the NZET Committee session on April 22 it was suggested that NSG had been cut by £35m. CPT does not recognise this figure. The payment rate of NSG has flatlined at 14.4ppkm, which is a real terms cut of over 30% but the budget has remained fairly static alongside the payment rate.

Decarbonisation

By summer 2025 around 25% of Scotland's buses will be Zero Emission. This has been assisted by Scottish Government support in the form of two rounds of ScotZEB funding, and larger commercial operators have also heavily invested in vehicles and supporting infrastructure. Despite this positive progress, there is a risk that SMEs bus and coach providers are left behind due to the high cost of vehicles and logistical difficulties of installing and accessing charging infrastructure. This is particularly the case for coaches 'on tour' for tourism purposes in remote rural areas.

While the Scottish Government may be reluctant to provide future funding to purchase vehicles (in England ZEBRA⁶ funding continues, earlier this month awarding £37.8m to 12 local authorities) we hope they will consider supporting projects such as vehicle repowering and infrastructure investment.

Bus franchising

As Committee members will be aware, the Transport (Scotland) Act 2019 allows a Local Transport Authority (LTA) to make an overarching franchising framework covering the whole or any part of their area, beneath which it can enter into franchise agreements with bus operators.

At time of writing Transport Scotland is currently preparing the final set of regulations relating to franchising which will set out the transitional process for moving from a deregulated market to a franchise. Concurrently, work is continuing on the statutory guidance which is for local transport authorities who want to use the franchising powers in their area. The scope of the guidance will cover an authority's preparation

⁶ <https://www.gov.uk/government/news/government-invests-nearly-38-million-to-bring-319-new-green-buses-to-communities-across-england>

of a franchising framework and what is required as part of the audit process. The document will also set out what a local transport authority should expect when going through the franchising approval process, as well as the process for commencing a franchise. The expected timescale for these is Spring 2025.

As a GB wide organisation CPT is well placed to contribute to discussions on franchising in Scotland, as franchising is also a key issue in both England and Wales, although the legislative and legal frameworks are different.

In relation to the upcoming guidance, we believe it should:

- Require Local Transport Authorities (LTAs) to set out a clear and cohesive case for franchising before any assessment is undertaken to ensure that taxpayer money, time and resource is not wasted on an unsound process.
- Make clear to LTAs that franchising will not be the right solution everywhere and that it is neither expected nor necessary for them all to go down the franchising route.
- Where an area carries out a franchising assessment but decides not to pursue the model it should not be possible for an LTA to reconsider franchising for at least five years. Without such a safeguard, operators will be working under constant uncertainty – which will curtail investment in depots, vehicles, and new services.
- LTAs should review the potential impact of franchising on SME operators and pursue a plan to secure their effective participation in the franchising process.

As was made clear by the passenger representatives in the April 22 NZET Committee session, bus speeds, punctuality, reliability and accessibility are among the key issues for bus passengers. There are ways to work in partnership to deliver improvements in these areas that do not require regulatory change, or could be taken forward in the short term while longer term regulatory change is being considered. It is critical that regulatory change does not stall current partnership work or investment in priority measures.

Antisocial and criminal behaviour

As members will be aware, we have been raising the concerns of our members in relation to increasing rates of antisocial and criminal behaviour on and around bus in Scotland. We meet regularly with Ministers and Transport Scotland to raise these concerns and find constructive solutions. From mid-2024 we have also convened a stakeholder group with Transport Scotland, ATCO, Unite, Police Scotland and our members to discuss these issues in more detail and learn from best practice. Key issues from our perspective are:

- The need to create a deterrent – It is not the intention that this would be applied on a large scale, but our members agree that anyone who receives free concessionary travel and commits serious antisocial or criminal behaviour on a bus should have this right to free travel removed. As Parliament is aware, this has proved difficult from a legislative and legal point of view for

Government, but we understand it is still being considered, along with a 'code of conduct'.

- Education and prevention – There are good examples of in school education work on safe and responsible bus travel, but this could be scaled up to reach more young people across Scotland. Our members are keen to support such work.

While a partnership approach is of course central to tackling these issues, this can sometimes result in a situation where it is not clear who should 'lead' on an issue (for example data collection on incidents), which we hope the Scottish Government will consider in their detailed response later in the year to the transport related recommendations of the Independent Working group on Antisocial Behaviour.

Traffic Commissioner (for Scotland)

The Traffic Commissioners of Great Britain play an important role in licensing and regulation of those who operate heavy goods vehicles, buses and coaches, and the registration of local bus services. They hold hearings which are formal legal proceedings to investigate potential issues with transport operators or drivers, potentially leading to regulatory action or revocation of licenses.

If an operator wishes to operate or make changes (including cancellations, new services and timetable amendments) to the bus services an application must be made at least 42 days in advance of changes. Operators in Scotland have reported in recent months that despite complying with these timescales many registrations are not being acknowledged and processed in a timely fashion.

While a separate administrative function, this concern is compounded by the role of the Traffic Commissioner for Scotland being vacant since May 2024. Their responsibilities have been covered by other GB Traffic Commissioners in the interim, with Richard Turfitt being appointed on 9 April 2025 as temporary Acting Commissioner for Scotland while a recruitment campaign continues.