TPT/S7/26/11/1

Transport Committee
Wednesday 11 November 2026
11th Meeting, 2026 (Session 7)

Scotland's bus services

Background

1. The Scottish Government has announced its intention to introduce legislation aimed at improving bus services across Scotland, including a commitment to bring Scotland's bus network under public control by 2031.

2. Ahead of the introduction of any legislation, the Committee will hold a series of evidence sessions over six months to explore the challenges facing Scotland's bus network and the changes that passengers, operators, and other organisations consider necessary. The sessions will seek to identify the key issues affecting passengers and the bus sector, as well as issues that any future legislation may need to address.

3. As part of this work, the Committee will hear from passengers, community groups, bus operators, local authorities, and transport bodies.

4. At the conclusion of the inquiry, the Committee will publish a report summarising the evidence received. The report will highlight the key issues raised during the inquiry but will not make recommendations on future legislation, reflecting the Committee's role in scrutinising any legislation subsequently introduced.

Inquiry topics

5. The inquiry will focus on six themes—

   - Franchising;
   - Rural, island, and community transport;
   - Fares, concessionary travel, and ticketing;
   - Bus priority and local powers;
   - Passenger experience, accessibility, and safety; and
   - Decarbonisation and fleet investment.

Evidence session

6. This week's evidence session will examine whether Scotland's bus franchising arrangements are enabling transport authorities to deliver reform effectively. It will consider the time, cost, and complexity involved in developing franchising proposals, and whether improvements could be made to the process.

7. The Committee will also explore lessons from franchising models elsewhere in the UK, and how these experiences could inform the future of bus reform in Scotland.

8. The Committee will first hear from—

    - Alison Irvine, Chief Executive, and Mary Docherty, Director for Bus, Concessionary & Active Travel, Transport Scotland

    - Jamie Ross, Chief Executive, Strathclyde Partnership for Transport

    - Margaret Roy, Public Transport Team Leader, Perth & Kinross Council (representing the Association of Transport Co-ordinating Officers)

    - Paul White, Director, Confederation of Passenger Transport

9. It will then hear from—

    - Christopher Cheek, Managing Director, 2FM Limited

    - Alison Chew, Interim Network Director for Bus, Transport for Greater Manchester

    - Nick Owen, Head of Bus Performance Delivery, Transport for London

Written evidence

10. Written evidence was received from Strathclyde Partnership for Transport, the Association of Transport Co-ordinating Officers, the Confederation of Passenger Transport and Christpher Cheek. These are attached at the annexe to this paper.

Clerks to the Committee
November 2026

Annexe

Written submission from the Strathclyde Partnership for Transport (SPT)

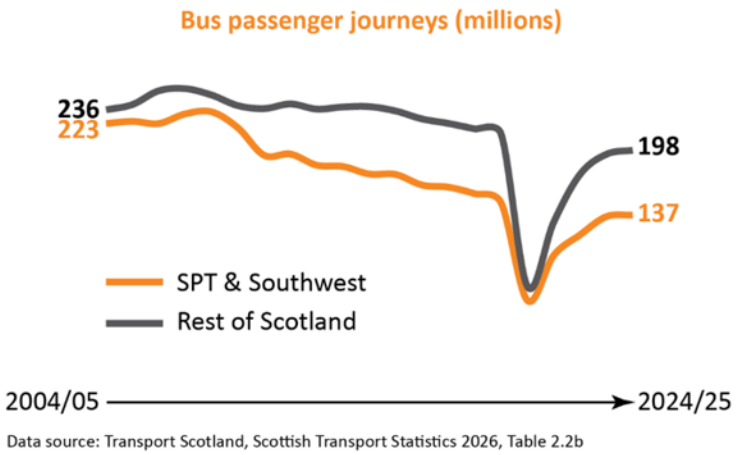
Introduction

Strathclyde Partnership for Transport (SPT) would like to thank the Transport Committee for their invitation to appear at the evidence session on Bus Franchising on 11 November 2026, and for the opportunity to provide this written evidence in advance. We have structured our submission into three sections:

1. Why Bus Reform Needs to Happen
2. SPT's Franchising Framework Assessment Process – Current Status and Issues/Challenges
3. Recommended Changes for New Legislation

1. Why Bus Reform Needs to Happen

Bus is the most widely used form of public transport in the west of Scotland and plays a critical role in supporting economic growth, social inclusion and Scotland's climate ambitions. Bus accounts for around 75% of all public transport trips in the SPT region, where around one-third of households do not have access to a car, meaning that a reliable and affordable bus network is critical for access to employment, education, healthcare and other life opportunities. Despite its importance, bus services have experienced a long-term decline in patronage, service levels and reliability.



Data source: Transport Scotland, Scottish Transport Statistics 2026, Table 2.2b

The current deregulated market has contributed to a 'cycle of decline' in which rising car use reduces bus patronage, leading to network contraction, worsening congestion,

increased operating costs and declining service quality. These factors reinforce one another, resulting in further patronage loss and reducing the ability of the network to support wider public policy objectives.

Bus: The cycle of decline



However, this long-term decline should not be attributed solely to operators. It reflects wider economic and behavioural changes, infrastructure constraints and regulatory factors, alongside the conditions in which services are planned and operated. Addressing these interrelated factors requires a balanced, evidence-based approach.

SPT's Strathclyde Regional Bus Strategy (SRBS) concluded that reversing this decline requires a move towards a "cycle of growth", where better planned services, integrated networks, simpler fares and improved reliability attract more passengers, support modal shift from private car use and enhance the long-term sustainability of the bus network.

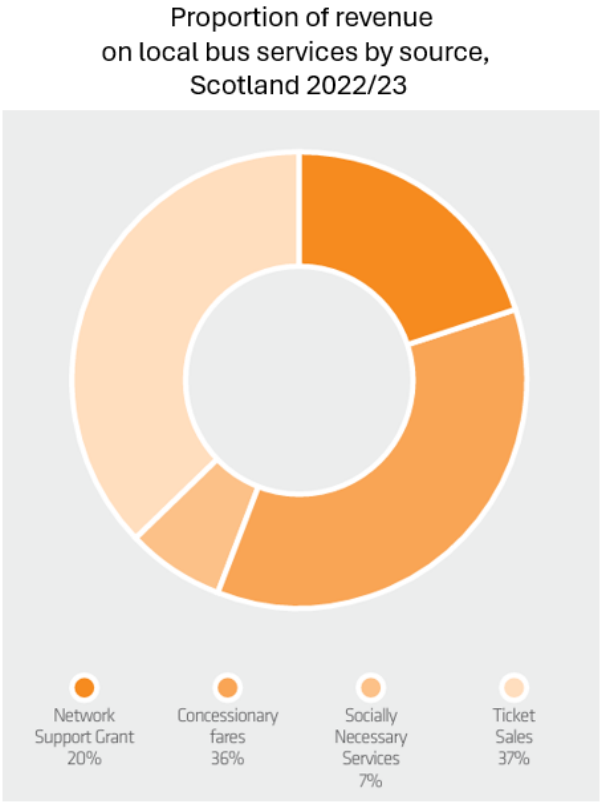
Bus: The cycle of growth



Bus franchising emerged as the preferred option through the SRBS, subject to completion of the FFA and the statutory requirements of the Transport (Scotland) Act 2019. Franchising would enable SPT as the regional transport authority to plan bus

services as part of a single integrated transport network, providing control over routes, fares, timetables and standards while supporting integration with rail, Subway, active travel and future Clyde Metro services. Public support for this approach is strong, with 83% of respondents to the consultation on the SRBS supporting the development of bus franchising.

Furthermore, approximately 57% of bus operator revenue in Scotland now comes from public funding through concessionary travel reimbursement, supported bus services and other government support mechanisms. Greater public accountability and control over how services are planned and delivered is therefore both justified and increasingly necessary.



2. SPT Franchising Framework Assessment Process – Current Status and Issues/Challenges

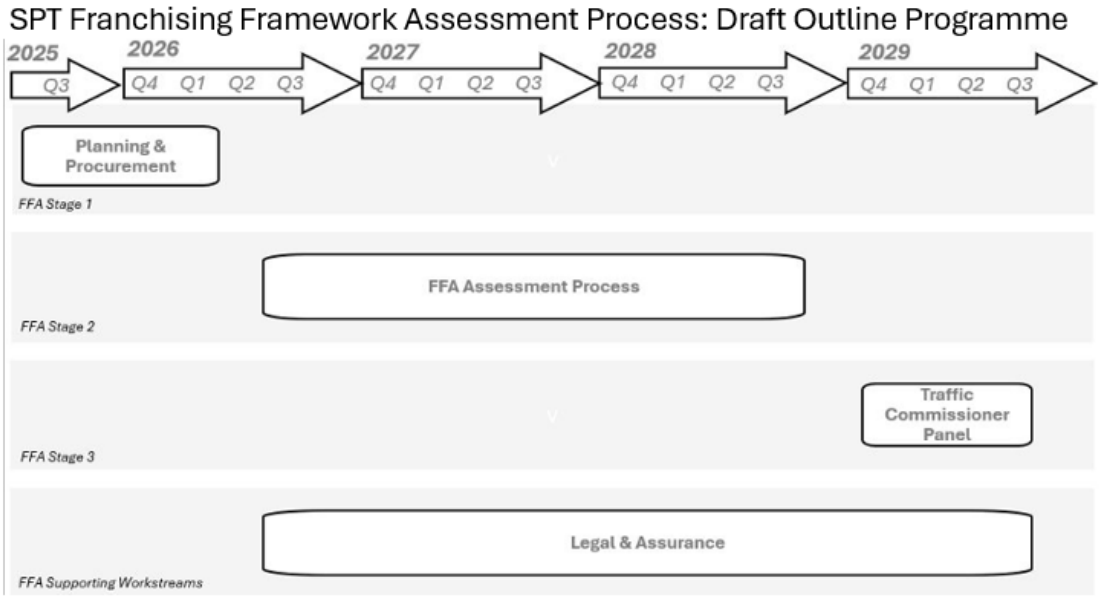
SPT is currently undertaking a Franchising Framework Assessment (FFA) as per the 2019 Act. The FFA will provide the business case and supporting evidence required to demonstrate that franchising offers a viable and beneficial alternative to the current deregulated market.

The FFA is the evidence-based mechanism through which the viability, affordability, benefits, risks and deliverability of franchising are being tested against the alternatives.

As required, SPT will undertake the FFA objectively in accordance with the statutory framework. SPT's strategic preference for franchising is distinct from the evidence-gathering and appraisal role of the FFA and from any future statutory decisions. Those decisions will be informed by the evidence produced through the assessment and the applicable statutory requirements; the outcome is not predetermined.

The assessment is now underway with associated environmental and impact assessments being undertaken. Data gathering from bus operators has commenced and will provide the evidence base required to assess affordability, deliverability, risks and potential passenger benefits.

Under the current legislative framework, completion of the FFA, independent audit requirements, panel approval processes, procurement activity and mobilisation periods mean that, based on SPT's current programme assumptions, franchised services in Strathclyde are unlikely to commence before 2031, subject to approval. This would represent a period of approximately twelve years between Royal Assent of the Transport (Scotland) Act 2019 and the commencement of the first franchised services. Importantly, 2031 represents the likely start of implementation rather than the point at which a fully franchised regional network would be in place. Full mobilisation and transition to a complete franchised network could take a further two to three years thereafter.



While robust scrutiny is essential, the current process is overly complex, lengthy and carries significant delivery risks. Key challenges include:

- **Lengthy approval processes:** Independent scrutiny is an important safeguard and SPT supports the principle of independent challenge. However, the current approval process adds significant time and complexity. SPT proposes removing the requirement for the Independent Panel to approve, vary or revoke a

franchising framework, with final approval resting with the Partnership Board to maintain democratic accountability. Independent audit and scrutiny should be retained. SPT estimates this could reduce the development process by 6 to 12 months.

- **Inability to direct-award:** Current legislation does not permit franchising authorities to directly award initial franchise contracts to incumbent operators, requiring immediate competitive procurement at the outset of franchising. Powers to make time-limited direct awards to incumbent operators are available in England; equivalent powers should be available in Scotland to support a managed transition to franchising, with the potential to reduce procurement timescales and implementation risk. Any such powers should be subject to appropriate safeguards for transparency, value for money and accountability, including performance monitoring and a clear transition to competitive procurement.

- **Rigidity of legislative timescales and variation requirements:** Current requirements relating to making and commencing franchise arrangements do not adequately reflect the scale and complexity of implementing a franchise network across the Strathclyde region. Greater flexibility is also needed in the process for varying approved franchising frameworks, with assessment, consultation and approval requirements proportionate to the scale and materiality of the proposed change.

- **Procurement and mobilisation risk**: The absence of mechanisms to facilitate a managed transition from the deregulated market to franchising risks extending implementation timescales and increasing delivery risk.

- **Cross-boundary service uncertainty**: The current framework does not provide sufficient clarity regarding services operating across franchised and non-franchised areas.

- **Funding uncertainty**: There remains no clear long-term funding pathway for either the development of franchising schemes or the implementation of enhanced services and associated infrastructure.

- **Guidance and implementation risk**: Delays in publishing guidance following the 2019 Act significantly slowed progress. Future legislative reform must avoid creating uncertainty for schemes already in development.

Without addressing these issues, the pace of reform risks falling short of public and political expectations. Under current arrangements, the first franchised services may not commence until around 2031, with full regional implementation potentially requiring a further two to three years. This timescale may limit the ability of franchising to contribute to wider transport, economic and social policy objectives in the near term.

3. Recommended Changes for New Legislation

SPT believes there are three key areas for new legislation, such as the Better Buses Bill, to focus on:

a) Support Integrated Regional Transport Networks

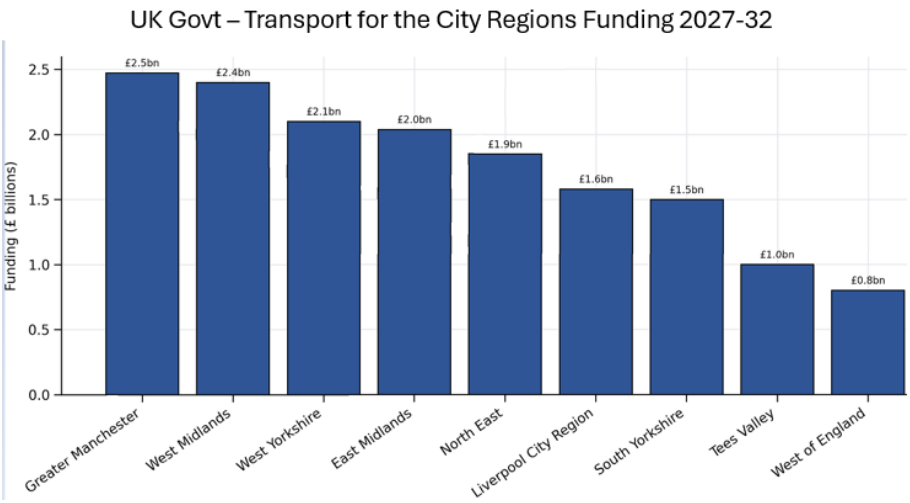
Bus franchising should be viewed not as an end in itself, but as a means of delivering wider policy outcomes including economic growth, social inclusion, decarbonisation and integrated regional transport networks, enabling buses to be planned alongside rail, Subway, active travel and future mass transit systems. Indeed, a duty should be placed on franchising authorities to plan services as part of the regional integrated transport network, with the requisite powers and influence over other modes to be able to do this. Further, those powers should ensure the authority has the necessary influence over major projects and programmes such as the Clyde Metro and development of the regional rail network to facilitate a truly integrated transport network. This will maximise economic, social and environmental benefits while supporting the Scottish Government's and wider stakeholder ambitions for regional empowerment and sustainable growth.

b) Establish a clear funding framework and pathway

Should franchising proceed following the FFA and statutory decisions, its success would depend on a commitment to the necessary funding. This relates both to funding the process to develop the Franchise Framework and to the introduction of the improved bus network and services if the Framework is approved and implementation is authorised. The Scottish Government should provide certainty regarding funding for:

- Development of franchising schemes;
- Implementation and transition costs;
- Ongoing servicing of franchising contracts and network enhancements; and
- Multi-year investment in bus priority infrastructure to improve reliability and journey times.

Funding certainty is essential if bus franchising is to deliver meaningful reform. While regional transport authorities in England are receiving multi-year Transport for City Regions settlements ranging from £0.8 billion to £2.5 billion between 2027 and 2032 as the following chart shows, there is currently no equivalent long-term regional transport funding settlement available to SPT in Scotland. Mayoral strategic authorities can use this capital funding for their regional priorities, including the necessary capital expenditure to facilitate the introduction of bus franchising. This creates a significant disparity between Scotland and England in the ability of regional transport authorities to plan, invest in and deliver integrated public transport improvements over the long term.



Purely for comparator purposes, based on population, SPT would have placed in the upper half of the above chart, towards the higher end of funding allocations.

c) Simplify and improve the process for franchising

The Better Buses legislation provides an opportunity to accelerate bus reform while maintaining appropriate scrutiny, transparency and democratic accountability. SPT recommends the following should be prioritised:

Remove the Independent Panel Approval Requirement

The requirement for an Independent Panel to approve, vary or revoke a franchising framework should be removed. Final approval should instead rest with the democratically accountable transport authority. This would reduce unnecessary delay, strengthen local accountability and could shorten the development process by between 6 and 12 months.

Enable Initial Direct Awards to Existing Operators

Franchising authorities should be permitted to directly award initial time-limited franchise contracts to incumbent operators (as necessary and where best value is evident) as part of the transition to a franchised network. This would provide a practical bridge to full franchising, reduce procurement timescales and lower implementation risk.

Introduce More Flexible Implementation and Variation Timescales

Legislation should provide greater flexibility around procurement, mobilisation and transition periods, recognising the scale and complexity of large urban and regional networks such as Strathclyde, and enable proportionate variations to approved franchising frameworks without repeating the full approvals process.

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Create a Statutory Service Permit Framework

A clear statutory framework should be established for services operating across franchise boundaries to provide certainty for operators, passengers and transport authorities.

Ensure Timely Publication of Guidance

Guidance should be published alongside, or shortly after, the legislation and include appropriate transitional arrangements for franchising schemes already in development.

Strathclyde Partnership for Transport
2 November 2026

TPT/S7/26/11/1

Written submission from the Association for Transport Co-ordinating Officers (ATCO)

Purpose

This note synthesises the views submitted by experienced council officers working within Scottish transport authorities on the practical value, limitations and readiness of the current statutory franchising arrangements. It identifies common themes, distinguishes urban and rural circumstances, and sets out policy actions that would make the framework more usable and proportionate.

Headline finding: Franchising is viewed as a potentially valuable option in contexts where a passenger-focused network redesign requires stronger public control. However, respondents do not regard it as a universal remedy. For many rural, island and already well-performing networks, the immediate barriers are revenue funding, institutional capacity and cross-boundary complexity rather than a lack of statutory control.

Executive summary

- No responding authority reported an operational statutory franchise. Fife Council are developing Business Justification Cases, for franchising and for municipal operations, while a number of other authorities have decided not to progress franchising at present or are prioritising partnership-based approaches. SPT has assembled an in-house team to work towards the introduction of a franchising model by 2030/2031.

- The 2019 Act gives authorities a route to specify networks and procure operators, and statutory guidance was published in March 2026. Respondents nevertheless described the process as complex, costly and exposed to legal, procurement, staffing and governance risk.

- The strongest case for franchising appears to arise where there is a material gap between the network delivered by the market and the network required to meet public policy objectives, and where the authority has the scale, funding, expertise and political mandate to carry the resulting financial and operational risk.

- Rural and island respondents emphasised that many services are already supported and specified through contracts. In those areas, franchising may change the governance mechanism without creating the additional revenue needed to preserve lifeline routes, increase frequency or extend evening and weekend provision.

- Authorities with strong commercial or publicly owned networks, including the Lothian model and Dundee and Aberdeen contexts, questioned whether the disruption and

risk of franchising would improve passenger outcomes sufficiently to justify intervention.

- Cross-boundary trunk and long-distance services present a material design issue. A workable framework must provide clear treatment of services crossing several authority areas and enable practical multi-authority governance.

- Experience cited from England, particularly Greater Manchester, points to the importance of transition funding, depot and fleet strategy, institutional capacity, clear risk allocation and procurement design that does not unintentionally exclude small and medium-sized operators.

ATCO Scotland position

Scotland should retain franchising as one option within a broader, place-based toolkit. National policy and funding should be neutral between franchising, Bus Service Improvement Partnerships, enhanced contractual models, municipal operation and established publicly influenced companies. The test should be which model offers the best evidenced passenger outcomes and value for money in the circumstances of each area.

1. Statutory and policy context

The Transport (Scotland) Act 2019 created a statutory route for local transport authorities to establish local service franchising frameworks. Transport Scotland published final guidance on 17 March 2026. The guidance requires an authority to define the proposed area, assess how the framework would deliver its policies, consider interactions with neighbouring networks, consult, obtain independent audit and proceed through the statutory approval process. A framework may cover less than one authority, one authority, or parts of several authorities acting jointly, and may exempt specified services or service types.

The power is therefore significant but complex. It is an enabling mechanism rather than a funding settlement. Franchising can reallocate control and risk; it does not, by itself, provide the revenue needed to add services or make socially necessary routes commercially viable.

2. Scottish Local Authority Positions from Evidence Gathered

2.1 Current position

Local Authority	Position reflected in submitted evidence
Highland	No current franchise; Committee decided in May 2026 not to pursue at present. Considered more applicable to larger urban markets with competing commercial services.

Shetland	Public and school networks are already extensively specified and procured. The authority retains fare revenue risk and controls timetables, fares and standards through contracts.
Aberdeenshire	No franchise; open to future consideration but currently focused on a BSIP.
Fife	Preparing Business Justification Cases and indicative pathways for both franchising and municipal operations; any further work depends on political consideration of viability.
Moray	No current plans; highlights the challenge of trunk routes crossing three or four authority areas.
Perth and Kinross	The Council's approved Transport Transformation Project (Oct 26) did not recommend franchising at this time. Partnership working and targeted direct intervention are considered more proportionate in the medium term.
Scottish Borders	No present ambition; around 80% of local services are already supported and specified by the Council.
Edinburgh City	Little appetite to disturb a comprehensive, publicly owned, commercially operated network with relatively low fares and limited subsidy.
East Lothian	Support additional influence but favour flexibility and building on the Lothian model and partnership arrangements.
Midlothian	Support additional influence and flexibility, but favour building on the Lothian public ownership model and local partnership arrangements
Aberdeen City	Previous appraisal was not progressed because of capital and revenue requirements; BSIP and partnership delivery remain the preferred approach.
Dundee City	The city benefits from a strong, high-frequency commercial network; beyond lower fares. questions what material additional benefit franchising would deliver for passengers.

2.2 Potential strengths of franchising

- It can give a transport authority the ability to plan a coherent network, specify routes, timetables, fares, ticketing and service standards, and hold contracted operators to defined performance requirements.

- It may support integrated network design where commercial decisions do not align with wider objectives for accessibility, inclusion, climate, land use and economic connectivity.

- It can provide a single public body with clearer accountability for the overall network, provided responsibilities, funding and risk are transparent.

2.3 Principal constraints identified by respondents

- Complexity and capacity: authorities reported limited in-house expertise and staff capacity for business cases, legal analysis, procurement, governance, contract management and transition.

- Cost and financial exposure: respondents anticipated substantial advisory and implementation costs, followed by continuing responsibility for network funding and, commonly, farebox risk.

- Opportunity cost: there is concern that scarce officer and financial resources could be diverted from protecting and improving frontline services.

- Legal and procurement risk: respondents cited fear of challenge, complex statutory requirements and uncertainty over the treatment of staff, assets, depots and licences.

- Operator market impacts: procurement scale and complexity may disadvantage SMEs, reduce participation and weaken the wider market for school transport and private hire work.

- Market impacts and public costs of other public transport policies: there’s an as-yet unknown impact on operating models arising from new policies and trials such as flat fares to be understood

- Cross-boundary design: trunk and interurban services may perform both long-distance and local functions across several authority areas. Fragmented decisions could undermine network continuity.

- Absence of additional revenue: franchising does not itself increase demand or provide the subsidy needed to sustain low-density rural services.

- External operating conditions: as highlighted by Perth and Kinross Council, franchising would not itself resolve congestion and roadworks that adversely affect bus efficiency and reliability.

2.4 Different places require different models

- The evidence does not support a single national delivery model. Urban areas with multiple operators and significant commercial overlap may have a stronger case for network-wide franchising. Rural and island areas often already exercise substantial control through supported-service contracts, and may obtain better value from flexible procurement, direct operation, demand-responsive transport or strengthened partnerships.

- Where a successful publicly owned or publicly influenced operator already provides a comprehensive network, reform should avoid destabilising an arrangement that is delivering good passenger outcomes. The appropriate question is not whether franchising is intrinsically preferable, but whether it produces a demonstrable net benefit over the existing model.

2.5 Comparing the risks of reform and retaining existing arrangements

- A proportionate appraisal should compare the risks and costs of franchising with those of realistic alternatives, including continuing with current arrangements. Retaining the existing model should not be treated as risk-free, just as the potential benefits of franchising should not be assumed to follow automatically from a change in governance.

- Where supported by local evidence, the baseline assessment should examine service withdrawals or instability, gaps in evening and weekend provision, fragmented fares and ticketing, weak connections between services and limitations in accountability for the overall network. It should identify which problems can reasonably be addressed through existing contracts, partnership commitments or other interventions, and which may require stronger network-wide control.

- The same assessment should test franchising's implementation costs, transition risks, continuing funding requirements, exposure to revenue changes and effects on operator participation. Options should be compared over a common appraisal period, using consistent assumptions about funding, fares, service levels, demand, congestion and bus-priority measures. Both the costs of transition and the costs of leaving identified passenger needs unresolved should be made explicit.

- The decision should turn on the additional passenger benefit and value for money achievable under each option, rather than a presumption either for structural reform or for retaining existing arrangements. Existing contractual control or a well-performing operator is relevant evidence, but neither removes the need to test remaining gaps and opportunities for improvement.

3. Lessons from elsewhere

3.1 England and Greater Manchester

The responses cite Greater Manchester as the leading contemporary comparator. The practical lesson is not simply that franchising can be implemented, but that implementation requires a strong transport institution, sustained central and local funding, a transition plan, access to depots and vehicles, significant commercial and legal capability, and explicit acceptance of revenue and delivery risk. These conditions are not uniformly present across Scottish authorities.

Procurement design is particularly important. Contract packages, qualification requirements, bid costs, depot access and risk transfer should be structured so that capable SMEs can participate, either directly or through smaller lots and subcontracting arrangements. Market health should be monitored across local bus, school transport and other passenger transport contracts.

3.2 London and established public-influence models

London illustrates the long-term operational maturity required for a large franchised network, but its scale, governance, funding and density make direct comparison with most of Scotland problematic. Within Scotland, the Lothian model illustrates that public ownership and strong public influence can deliver many desired outcomes without a statutory franchise. Shetland similarly demonstrates that comprehensive specification through supported-service contracts can provide public control in a low-density island context.

4. Recommended actions for the Scottish Government

1. Adopt a model-neutral policy framework

Support authorities working individually or together to assess franchising, BSIPs, enhanced contracts, municipal operation and existing public-company models on equal terms, with passenger outcomes and value for money as the deciding tests.

2. Provide staged, proportionate appraisal funding

Fund early option appraisal before requiring a full statutory franchising assessment. Allow support to improve existing contractual or partnership arrangements where that is the better local solution.

3. Establish a national technical support function

Create a shared resource covering legal, financial, procurement, data, modelling, workforce, asset and transition expertise, reducing repeated consultancy expenditure by individual authorities.

4. Create a sustainable revenue settlement for buses

Separate the governance question from the funding question. Provide dependable multi-year revenue support for socially necessary services, particularly in rural and island areas.

5. Clarify cross-boundary and long-distance services

Develop practical protocols for services crossing several authority areas, including governance, funding, fare allocation, exemptions, data sharing and dispute resolution.

6. Protect SME participation and market resilience

Require assessments and procurement strategies to consider lot size, depot access, bid burden and impacts on linked markets such as school transport. Use proportionate procurement and transparent market engagement. It may be that a more “light touch” regulation and methodology could be developed for use where franchising is being considered for a small area.

7. Make transition and risk allocation explicit

Require a funded plan for depots, fleet, staff, TUPE and pensions, ticketing, data, branding, revenue protection, mobilisation, service continuity and contingency arrangements.

8. Measure outcomes consistently

Establish a national baseline and common indicators including patronage, reliability, accessibility, coverage, affordability, passenger satisfaction, emissions, connectivity and public subsidy per passenger journey.

9. Enable regional collaboration without forcing uniformity

Support joint or corridor-based arrangements where travel patterns cross boundaries, while allowing rural, island and urban areas to adopt different delivery models.

5. Suggested response to the Committee’s question

Overall assessment: Scotland now has a statutory route to franchising, but the arrangements are not yet demonstrated in operation and are widely regarded by responding authorities as resource-intensive and high-risk. They may support improvement where stronger public control is necessary and the

authority can fund and manage the transition. They are less likely to offer proportionate benefit where networks are already substantially specified by the public sector, where successful publicly owned or commercial arrangements exist, or where the central problems include insufficient revenue for socially necessary services and external operational constraints such as congestion and roadworks.

The principal lesson from elsewhere is that franchising is not a low-cost regulatory adjustment. It is a major institutional and financial undertaking. Successful application depends on clear objectives, stable funding, capable governance, access to assets, robust data, careful procurement and an operator market able to compete. Scotland should therefore retain a franchising option, but implement it as part of a flexible and properly funded framework that allows each authority or region to select the model best suited to its network and communities.

6. Evidence and caveats

This briefing is a synthesis of qualitative responses collated by ATCO Scotland from their members in Scottish Local Authorities. The source material was not a statistically representative survey and did not use a standard response template. Statements about individual authorities reflect the submissions received and should not be read as a formal corporate position.

Sources

1. ATCO Scotland, Collated Scottish local authority responses: “Franchising” (November 2026).
2. Transport Scotland, Transport (Scotland) Act 2019: Local Services Franchises - Guidance on Franchising Frameworks and Assessments (published 17 March 2026).
3. Competition and Markets Authority, Bus franchising - advice for local transport authorities (published 11 September 2024).

Association for Transport Co-ordinating Officers
2 November 20256

TPT/S7/26/11/1

Written submission from the Confederation of Passenger Transport

Summary of CPT's position

The Confederation of Passenger Transport (CPT) is the trade association representing the bus and coach industry across the UK. Our members include operators of all sizes, from small family businesses to major transport groups, delivering services under a range of commercial, partnership and franchising arrangements.

CPT welcomes the opportunity to provide evidence to the Committee on Scotland's existing franchising arrangements and lessons from elsewhere.

CPT does not advocate a single model for the delivery of local bus services in Scotland

Franchising, statutory partnerships and other arrangements can each offer opportunities and challenges. The most appropriate approach will depend on local circumstances, the outcomes being sought, and the resources available.

The priority must be delivering better outcomes for passengers and communities, including more reliable, accessible and affordable services, improved connectivity and increased bus use.

The process must also assess the impact on bus operators and recognise that a restriction or loss of the ability to operate services may lead to business closures. Regulatory changes must be delivered in partnership with the bus sector, with a focus on maintaining an environment that allows for authority and operator investment in improving bus services in the intervening period.

Scotland's existing legislative framework

The Transport (Scotland) Act 2019 provides local transport authorities with a range of powers to improve bus services, including local services franchising, Bus Services Improvement Partnerships (BSIPs) and local authority-run services. These powers provide flexibility for authorities to adopt different approaches according to local circumstances.

Under franchising arrangements, authorities can take greater responsibility for specifying routes, service frequencies, standards and other aspects of bus service provision, with operators contracted to deliver services.

Franchising can be introduced across an area or on a more limited basis, including individual routes or corridors. This provides opportunities for authorities to consider different approaches rather than necessarily adopting comprehensive area-wide franchising.

The current legislation establishes a process for developing and assessing franchising proposals, including independent audit, consultation and consideration by an independent panel.

The Act was passed in 2019, but franchising secondary legislation did not come into force until December 2023, and guidance on franchising frameworks and assessments was not published until March 2026. Given this delay to guidance, it is difficult to assess the legislation: no Scottish authority or transport partnership has yet undergone the process of introducing a franchise in full.

Lessons from franchising elsewhere

Experience elsewhere in the UK demonstrates both the opportunities associated with franchising and the practical considerations involved in its implementation.

London provides a long-established example of a franchised bus network, with Transport for London responsible for network planning and service specification, and private operators delivering services under contract.

This model facilitates coordinated network planning, integrated ticketing and consistent service standards. However, London's institutional arrangements, funding, population density and transport infrastructure differ significantly from those in many parts of Scotland. For example, due to London's high traffic density, 578 out of 700 bus routes have seen their speeds decrease in the last decade[1]. The cost of the network has increased from c. £1bn to £1.3bn this year, and a projected cost of £1.7bn by 2030.[2]

Greater Manchester's Bee Network provides a more recent example of the transition from a predominantly deregulated market to franchised bus services. Its experience offers recent lessons about the practical and financial requirements of introducing franchising, including procurement, workforce arrangements, operational transition, network integration and the development of transport authority capacity.

Franchising is used overseas in countries including Denmark, New Zealand, Norway, Singapore and Sweden. These countries are not immune to operational challenges, including rising costs and congestion. Recent analysis by Sveriges Bussföretag [The Swedish Bus and Coach Federation] found:

> *"Operators are facing rapidly increasing costs driven by inflation, rising energy prices, and the pace of technological change. At the same time, the transition to battery-electric zero-emission fleets – essential to meeting climate targets – has significantly increased capital requirements and financial exposure. Supply chains have become more vulnerable, while obligations related to digitalization, reporting, and regulatory compliance have grown both in scale and complexity. These developments are exposing fundamental weaknesses*

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[1] *https://www.theguardian.com/uk-news/ng-interactive/2026/sep/23/london-buses-in-terminal-decline-why-public-transport-in-global-cities-is-slowing-to-a-crawl-visualised?*

[2] *https://www.london.gov.uk/who-we-are/what-london-assembly-does/questions-mayor/find-an-answer/bus-network-operating-subsidy*

> *in procurement and contract models that were designed for a more predictable environment and are now ill-suited to a rapidly changing operating environment.*"[3]

As such, an important consideration is how financial and operational risks are allocated. Under different franchising models, responsibility for changes in passenger revenue, operating costs and service requirements may rest with the authority, the operator or be shared between them.

These decisions influence commercial incentives, contract design, public expenditure and the flexibility to respond to changing passenger needs.

If the franchised network is well run, passenger numbers increase, and costs are well controlled, the LTA (Local Transport Authority) will benefit directly (under a gross cost model) from increased revenue which can be invested back into the system or used to offset some of the public funding for buses.

However, large-scale franchising can place substantial upfront and continuing costs, as well as financial risk, on the tendering authority, especially those investing in infrastructure like depots. In those cases, franchising could place significant costs on LTAs which may require the LTA to enter into financing arrangements. The West Yorkshire Combined Authority estimated that franchising (a full network, large scale franchise) will entail an upfront cost of £20 million. TfGM reports that Greater Manchester's transition to franchising cost £134.5 million, including financing costs associated with depot acquisition. Funding included £33.7 million from the Mayoral Precept and £17.8 million in local authority contributions.[4]

The implications for Scotland are significant. SPT's assessment programme has been reported to require up to £6.5 million in technical and professional services before mobilisation and operational readiness costs. Its 2025 Regional Bus Strategy also identifies an indicative £45–85 million in additional annual revenue subsidy for a transformational regional franchise, excluding fleet and depot scenarios. This is a high-level scenario for an enhanced network, rather than a final bill or the administrative cost of franchising alone, however, the top end of the estimate (£85m) equates to around double the current budget that Scottish Government spends on bus support nationally through the Network Support Grant. As such, it is critical that authorities identify secure funding for assessment, transition, assets and continuing subsidy before committing to franchising.[5]

LTAs may need to design contracts and procurement lot structures to ensure that tendering leads to a sufficient number of high-quality bids from multiple operators. Large national operators have the tendering experience and ability to manage risk. SME operators cannot pool risk across multiple contracts and may find it difficult to

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[3] sustainable-procurement-in-publically-procured-bus-services_report_2026.pdf

[4] *TfGM written evidence to the Public Accounts Committee, LBS0021, section 4:* https://committees.parliament.uk/writtenevidence/143019/html/

[5] *SPT assessment costs reported by routeone, 14 January 2026:* https://www.route-one.net/news/spt-looks-to-4-million-bus-franchising-support-in-scottish-budget/

; SPT Regional Bus Strategy, September 2025, p.68: https://www.spt.co.uk/media/5u5c1xur/p190925_agenda7.pdf

operate. The administrative requirements for operators could also be higher under franchising. Experience in Greater Manchester, Liverpool City Region and West Yorkshire shows that SME participation cannot be assumed simply because smaller contracts are offered.[6]

In Greater Manchester, only one incumbent SME bidder won work across the three franchising tranches. The consequences include business closures: Stotts of Oldham ceased trading after losing its local bus work. Little Gem also closed during the transition; its owner cited franchising-related workforce uncertainty alongside severe operating cost pressures. These closures demonstrate the vulnerability of established family-run and SME businesses during regulatory transition.[7]

In Liverpool City Region, the first main network franchises for St Helens and Wirral were awarded to Stagecoach and Go-Ahead respectively. Those awards illustrate the dominance of large groups in the initial procurement, and the importance of assessing whether smaller operators have a viable future within the wider scheme.[8]

In West Yorkshire, where franchised services are due to begin in May 2027, two SMEs were initially among the intended winners of smaller and school-service contracts. However, Squarepeg Buses has brought a legal challenge alleging shortcomings in how SME bids were assessed. Four small-contract awards were subsequently automatically suspended, while school-service award decisions were withdrawn. The challenge remains unresolved; it nevertheless underlines the need for proportionate turnover requirements, accessible bidding processes and effective safeguards for incumbent SMEs.[9]

Franchising is more likely to be effective if designed to reflect core principles:

The tendering process needs to be designed to maximise the number of operators who can reasonably bid to offer services. This will ensure that some element of competition is retained. Contracts should also include the right incentive structure for operators and LTAs to deliver a sustainable and quality service and collectively use their expertise to drive improvements.

Before any decisions are taken, LTAs should seek to make best use of available operator expertise. Operators can help to shape and improve on network design for example. LTAs' decisions to pursue tendering need to be made following meaningful

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[6] https://www.route-one.net/operators/bus-franchising-and-sme-operators-more-than-just-a-business-toll/

[7] *routeone, 19 October 2026, SME participation: https://www.route-one.net/operators/bus-franchising-and-sme-operators-more-than-just-a-business-toll/; 17 March 2025, Stotts closure: https://www.route-one.net/opinion/finding-bus-franchising-solution-for-sme-operators-is-imperative/; 26 April 2023, Little Gem owner's account: https://www.route-one.net/news/little-gem-owner-hits-back-over-closure-of-bus-operation/*

[8] *Liverpool City Region operator announcement, 23 January 2026: https://www.merseytravel.gov.uk/news/operators-announced-for-first-franchised-bus-services-in-the-liverpool-city-region-in-40-years/*

[9] *routeone, 19 October 2026, Squarepeg's allegations and intended SME awards: https://www.route-one.net/operators/bus-franchising-and-sme-operators-more-than-just-a-business-toll/; 21 October 2026, suspension of four awards: https://www.route-one.net/news/wyca-suspends-award-of-four-tier-b-bus-franchise-contracts*

and in-depth consultation with all stakeholders and following detailed review of local evidence and consideration of multiple variants of the franchising approach.

Bus Service Improvement Partnerships (BSIPs) and Enhanced Partnerships

The focus of this session, and of recent Government announcements, has been franchising. However, it is not the only mechanism available to transport authorities seeking greater influence or control over bus services.

Scotland's BSIP powers provide a statutory framework through which authorities and operators can work together to improve services. BSIPs can include commitments relating to service standards, frequencies, fares and measures to support bus operations, with obligations on both authorities and operators.

The Scottish BSIP shares characteristics with Enhanced Partnerships (EPs) in England, although the legislative arrangements and processes are not identical.

EPs provide a mechanism for authorities and operators to agree plans and schemes for improving bus services, combining commitments by public authorities with requirements applying to participating services. Experience in England demonstrates that partnerships can support improvements in areas such as bus priority, passenger information, ticketing, service coordination and network development.

Partnership arrangements can draw on operators' commercial and operational expertise while enabling authorities to pursue wider transport objectives. However, their effectiveness depends on meaningful commitments from all parties, effective governance, adequate funding and clear accountability for delivery.

CPT considers that the experience of EPs in England provides useful lessons for Scotland as authorities consider how to use BSIP powers. These include the importance of establishing clear objectives, ensuring that proposed measures are deliverable and providing mechanisms to monitor progress and address challenges.

The Committee may wish to consider whether Scottish authorities have been given sufficient guidance and support to develop ambitious and effective BSIPs (for example, Transport Scotland guidance on BSIPs still remains unpublished), and whether lessons from England could inform their implementation.

It is also important to recognise that different regulatory arrangements may be appropriate in different parts of a network. Franchising and partnerships should not be viewed as mutually exclusive across a geographical area such as an RTP.

CPT research: More than one route

Following the enactment of the Bus Services Act 2025, CPT published research undertaken with Frontier Economics[10] to support local transport authorities in England to consider different approaches to bus service delivery.

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[10] https://www.cpt-uk.org/news/more-than-one-route-the-many-ways-to-deliver-bus-services/

The Frontier Economics handbook creates a framework for considering factors including passenger priorities, operating cost pressures, net zero goals, local transport authority capacity and capability, and how any preferred model may interact with different models in other areas.

It highlights that there is considerable variation within both franchising and partnership models, particularly in how responsibilities, decision-making powers, commercial incentives and financial risks are allocated.

For example, the research examines Jersey's shared-risk franchising approach, where operators retain an active role in network development and financial incentives encourage passenger growth. Other approaches include introducing franchising incrementally or combining different arrangements to reflect local circumstances.

The research also provides an eight-step decision-making framework and a multi-criteria assessment toolkit to help authorities evaluate different options against their objectives.

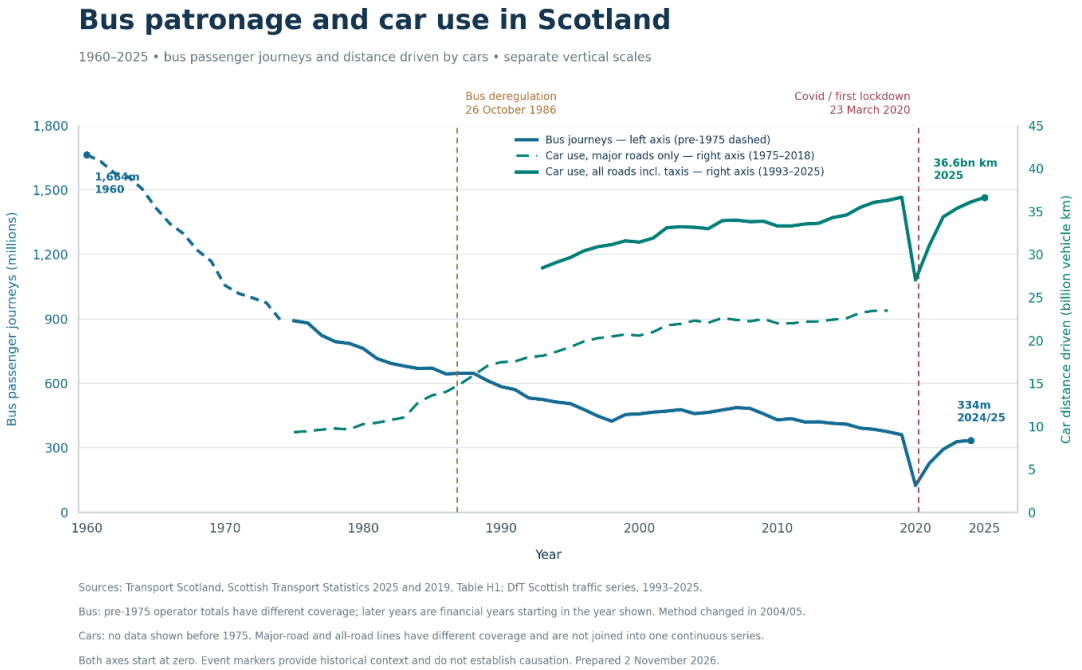
Although developed principally for England, CPT believes this work also has relevance to Scotland as it reinforces the importance of considering the full range of available options and assessing their suitability against local circumstances, passenger priorities, costs and delivery risks.

Factors influencing successful bus services

Regardless of the regulatory model adopted, several factors will continue to determine the attractiveness, reliability and financial sustainability of bus services.

Bus priority and journey times are particularly important. Congestion increases operating costs, reduces reliability and makes bus travel less attractive. Measures to improve bus speeds and reliability can therefore deliver benefits under franchised, partnership and commercial arrangements alike.

The deregulation of the bus sector in 1986 stemmed the rate of falling bus patronage, as opposed to being the cause of it. The primary cause, as demonstrated in the table below, has been the increase in car ownership and usage, and resultant congestion. Bus regulation in and of itself does not address this core issue.



Sustainable funding is another essential consideration. Franchising changes the arrangements through which services are planned, procured and delivered, but does not remove the underlying costs of operating bus networks or the need to fund services that cannot be sustained through passenger revenue alone.

The availability of transport authority expertise and capacity is also significant. Different models require different combinations of network planning, commercial, procurement and contract management skills.

Effective engagement with operators, employees, passengers and other stakeholders is important throughout the development and implementation of proposed changes.

These considerations reinforce the importance of assessing regulatory options as part of a wider strategy for improving bus services, rather than viewing regulatory reform as an end in itself.

Conclusions and recommendations

Scotland's existing legislation already provides transport authorities with a range of options for improving bus services, but there have been lengthy delays in their accompanying regulations and guidance.

If further legislative change is required to expedite change there is an opportunity to learn from experience elsewhere and ensure that authorities can make informed decisions about the most appropriate arrangements for their areas.

CPT encourages the Committee to consider the following principles:

- **Local flexibility:** Transport authorities should be able to select arrangements that reflect local needs, circumstances and objectives.

- **Evidence-based assessment:** Decisions should be informed by robust consideration of passenger outcomes, costs, benefits, financial risks, implementation requirements and alternative approaches. Assessments should separately identify the full costs to the tendering authority of preparation, transition, asset acquisition, financing and ongoing operation, including contingency for revenue shortfalls, and explain how these will be funded.

- **Appropriate capacity and resources:** Authorities should have access to the expertise, guidance and funding necessary to develop, implement and manage their chosen arrangements effectively.

- **Learning from experience:** Scotland should draw on evidence from franchising and partnerships elsewhere in the UK, recognising differences in local circumstances and institutional arrangements.

- **Effective partnerships:** Scottish BSIPs should receive appropriate attention and support as one of the statutory options available to authorities, drawing on lessons from English EPs.

- **Focus on passenger outcomes:** The success of any regulatory model should ultimately be assessed against improvements in reliability, accessibility, connectivity, passenger satisfaction and bus use.

- **Involve the bus sector:** Operators have the data and experience to inform decision making. Addressing sector concerns regarding business impacts and future operation will be crucial in fostering the confidence required for continued investment. Procurement design should demonstrate how family-run and SME operators can compete in practice, with explicit assessment of the risks of business closure, loss of local expertise and reduced competition at future retendering.

Clarity on the Scottish Government's intentions on public control

Finally, CPT notes the First Minister's announcement on 17 October 2026 that the Scottish Government intends to bring Scotland's bus network back into public control by the end of the current parliamentary session, through franchising and regulation.

While CPT shares the ambition to improve bus services, the announcement raises questions about the Government's intentions and how these relate to the existing legislative framework. It remains unclear what is meant by public control, whether franchising is now the Government's preferred approach across Scotland, and what role or support is envisaged for statutory partnerships and other models of service delivery.

The announcement also appears to represent a change in emphasis from the Government's earlier commitment to a programme of stakeholder engagement on potential Better Buses legislation, without a predetermined approach. CPT believes it is important that this engagement remains meaningful and that the full range of available options continues to be considered.

Clarity is particularly important for bus operators making long-term decisions about investment in vehicles, depots, workforce and services. Uncertainty about the future regulatory framework can affect planning and investment decisions, with potential implications for passengers and communities.

Confederation of Passenger Transport
3 November 2026

Scotland’s Bus Services

A Witness Submission by Christopher Cheek MBE BA (Hons) FCILT MCIM to the Transport Committee of the Scottish Parliament
November 2026

Final Version

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1. Introduction

1.1 The Purpose of this Document

1.1.1 This document has been prepared in response to an invitation from the Transport Committee of the Scottish Parliament to assist them as a witness in the current inquiry into Scotland's Bus Service, and in particular at a witness session on 11 November 2026. It is designed to offer information, comment and analysis on several of the Committee's Inquiry Topics, as follows. These are:

- Franchising
- Decarbonisation and Fleet Investment
- Fares
- Concessionary Travel and Ticketing
- Bus Priority and Local Powers.

1.1.2 An introductory chapter aims to set the context in terms of demand and service supply and makes a plea for more disaggregated published data on the market.

1.1.3 For the avoidance of doubt, this report represents entirely the views and conclusions of the author, and these have not been funded, viewed or influenced in any way by other persons or organisations.

1.2 About the Witness

1.2.1 Chris Cheek has worked in the public transport industry for 54 years, in a variety of line management roles and, for the last 39 years, as an analyst and consultant. He is an experienced transport writer and author of both transport books and fiction.

1.2.2 Chris has been committed to the concept of quality bus operation and its promotion to the public, through his writing, his consultancy work and through the UK Bus Awards scheme he helped to found in 1996 and still helps to run. In 2026, he helped to found the Leadership in Passenger Transport Awards.

1.2.3 He has worked on a wide variety of consultancy projects covering bus, coach, rail and light rail for private sector bidders, governments at local, national and UK levels and industry bodies such as Confederation of Passenger Transport (CPT) and the erstwhile Commission for Integrated Transport.

1.2.4 In September 2024, he was given a Lifetime Achievement Award by the Bus Centre of Excellence for his work in bus support. He was awarded an MBE in His Majesty The King's Birthday Honours in June 2026 for services to public transport.

Work in Scotland

1.2.5 Chris has worked extensively in Scotland over more than 25 years, including the City of Edinburgh Rapid Transit (CERT), Edinburgh Tram and bus finances for the then Scottish Executive. In more recent years, projects have included:

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- *The Role of Speed in Scotland's Bus Network,* research project, report and conference presentation, July-October 2025. Part of a three country project with similar separate reports for Wales and then England.
- *Pathfinder Project for Future Bus Delivery Framework,* research project and report for TACTRAN regional transport partnership, January-May 2024 (jointly with Derek Halden Consultancy)
- Consultancy, support and article drafting for the *Love My Bus* campaign and Scottish Bus Week, for Transform Scotland (2020-2023)
- *Economics of Bus Operation in a Post-Covid World*, a seminar presentation to Scottish Government and other stakeholders, September 2022
- *Sustainable Buses for Scotland*: presentation to joint ATCO Scotland/CPT meeting and later to the Transport Scotland Bus and Active Travel Summit (September/October 2018)
- Authorship of *The Economics of Bus Operation in Scotland* (2013) for CPT Scotland

1.2.6 He has been as a guest speaker at the CPT Scotland annual conference on four occasions, in 2012, 2015, 2018 and 2025.

Other Recent Projects

1.2.7 Reports for other clients that may be of relevance include work for an English Combined Authority on their franchising proposals (2023) and

- *Revenue Funding for Bus Services and Bus Passengers (2021/22)*. Research and report for CPT UK
- *The Future of Bus Regulation in Wales,* with Tracsis Transport Consultancy (2022/23) for CPT Wales
- *CPT Cost Monitor.* Since 2022, Chris has managed the twice-yearly CPT Cost Monitor surveys, reporting on trends in cost levels and operational performance.

Writing and Publishing

1.2.8 Since 1991, he has edited major research publications on public transport, including ***Bus Industry Monitor***, ***Rapid Transit Monitor***, ***Rail Industry Monitor*** and ***Concessionary Fares UK***. He is now responsible for the *Passenger Transport Monitor*, the online subscription service that replaced the industry monitor publications in December 2009.

1.2.9 He has written and edited a number of books and reports about the bus industry, including ***The Economics of Bus Operation*** (2009 and 2014), ***The Bus Demand Jigsaw*** (2020) and ***Understanding Buses*** (2019 and 2021). This last seeks to offer a clear, non-technical, jargon-free explanation of how the bus industry works. His most recent book, ***Buses in a New Era: The Opportunities and Threats Ahead*** was published in October 2024. He has also published five LGBT novels.

1.2.10 He was a regular contributor to *Local Transport Today* magazine from its foundation in 1989 until 1995. He wrote regular business analysis columns for *Transit* magazine between 1996 and 2009. He was consultant editor on *Group Travel Organiser* magazine between 1986 and 2009. He wrote a regular column in *Rail Professional* magazine from

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2011 until 2026, in addition to his directorship of and regular writing for *Passenger Transport* magazine.

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2. The Market for Bus Services in Scotland

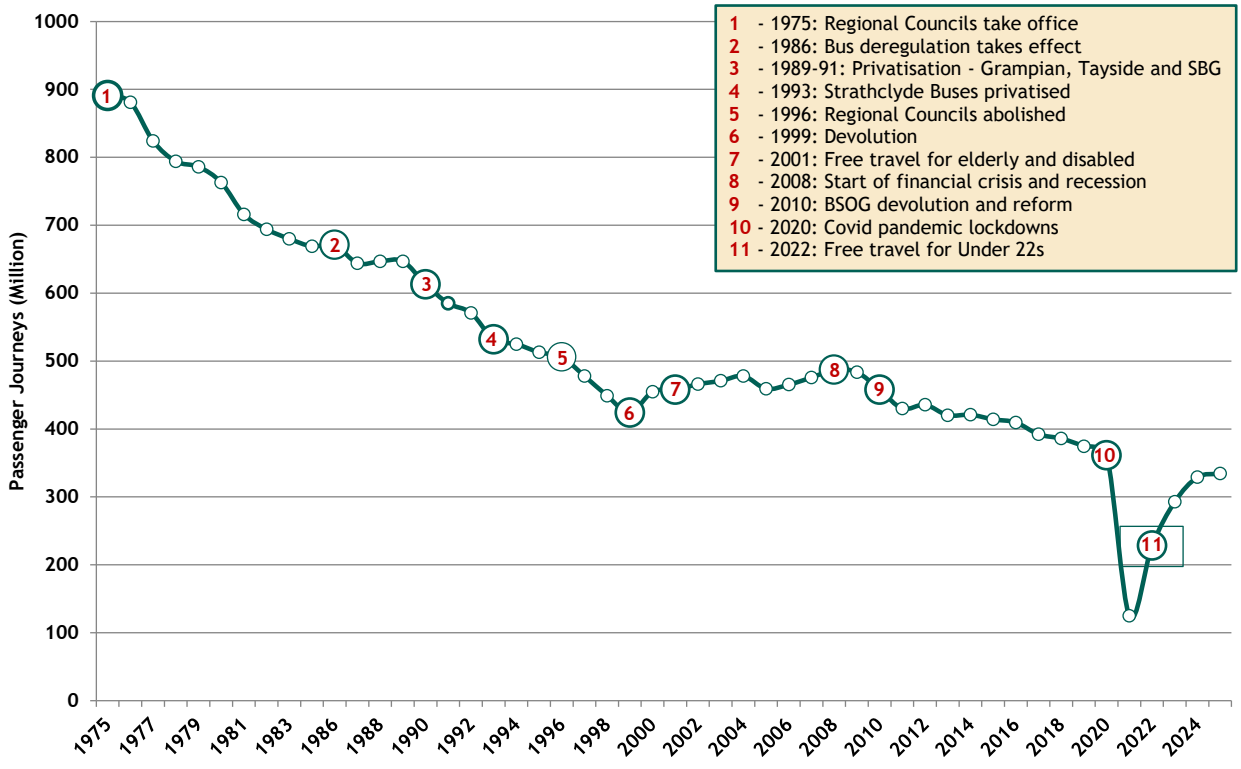
2.1 Demand

2.1.1 It was in 1975 that the publication of separate bus patronage figures for Scotland began. In that year, Scotland's buses carried 891 million passengers, just under 12% of the GB total of 7,524 million.

2.1.2 From that figure of 891 million, the decline continued, largely unchecked, reaching a low point in the year before devolution, 1998/99, with just 424m passengers. It then began a long period of recovery and indeed almost reached a peak of 487m in 2007/08 immediately before the effects of the financial crisis and the subsequent recession. It has never reached that level again, declining steadily until 2018/19 when the total was 319m. Then Covid struck, but was followed by something of a recovery, reaching 334m in 2024/25, the last published figure. The 2025/26 total will be available when the Department for Transport publishes is Annual Bus Statistics on 24 November.

2.1.3 The figures since 1975 are illustrated graphically at Figure 2-A below. It is annotated to show some key events during the period.

Figure 2-A: Bus Patronage in Scotland since 1975
Showing Selected Key Events



2.1.4 Looking at the national total is useful to measure the overall trends, but disguises significant variations. This can be seen to a limited extent in the regional figures produced by Transport Scotland in the annual Scottish Transport Statistics publication. A snapshot of these at selected years is shown in Table 1 below, alongside the national totals.

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Table 1: Bus Patronage in Scottish Regions since 2005

Millions of Passenger Journeys

Year to 31 March	North East, Tayside and Central	Highlands, Islands and Shetland	South East	South West and Strathclyde	Scotland	South East Bus plus Edinburgh Tram
2005	68.0	11.0	161.0	220.0	461.0	161.0
2010	64.0	14.0	162.0	219.0	458.0	162.0
2015	62.9	12.4	163.7	175.2	414.3	167.8
2019	53.1	9.8	154.1	157.8	374.9	161.6
2025	49.0	9.2	139.6	136.6	334.4	151.8
Since 2005	(27.9%)	(16.0%)	(13.3%)	(37.9%)	(27.5%)	(5.7%)
Since 2019	(7.8%)	(5.8%)	(9.4%)	(13.5%)	(10.8%)	(6.1%)

Sources: 2FM Analysis of Scottish Transport Statistics 2025, Table 2.2b. Transport Scotland and Light Rail Statistics 2025, Department for Transport, Sheet LRT0101

2.1.5 As can be seen, South West and Strathclyde have seen the sharpest deterioration in passenger numbers over the period since 2005, and the slowest recovery from the 2020/21 pandemic, remaining 13.5% below pre-Covid patronage. The contrast is even sharper when one considers the effect of Edinburgh Tram: the sum of its patronage with the bus numbers is shown in the right hand column.

2.2 Supply

2.2.1 Service levels have also fallen over the years, but mainly since the 2010 recession. Prior to then, service provision had generally increased, with commercial mileage rising by 10.7% and supported provision by 55.5% between 1986 and 2009. Since then, there has been a sharp reversal: between 2009 and 2025 commercial mileage was cut by 27.2% and supported by 20.2%, contributing to an overall reduction in service levels of 25.8%.

2.2.2 Since Covid, commercial mileage has been reduced by 16.1%, but the fall has been offset to some extent by an 11.3% rise in supported services, with a particularly significant 46.9% increase recorded in 2024/25 – returning provision to pre-Covid levels.

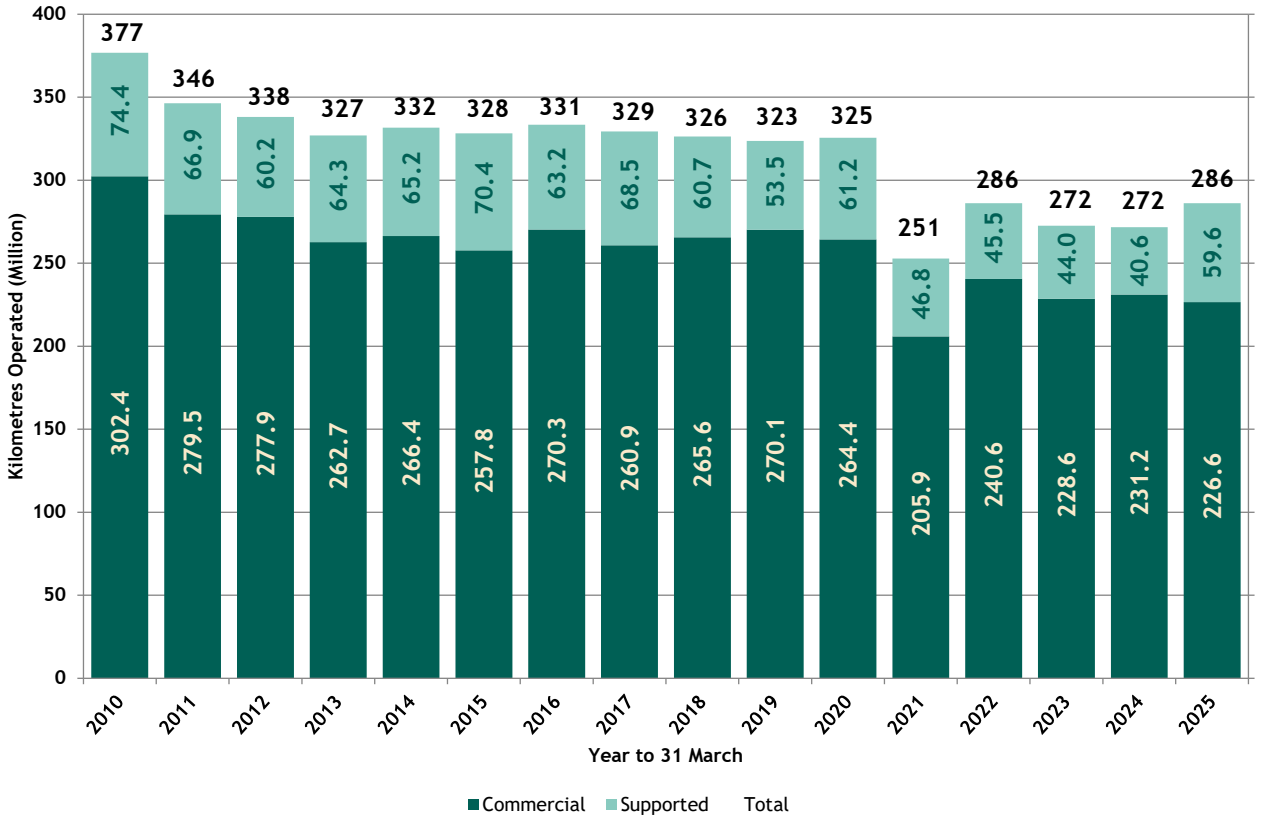
2.2.3 The details are shown in Figure 2-B below, which provides the split between commercial and supported mileage.

2.2.4 A snapshot of the trends in service supply by region is shown in Table 2 below. It is notable that the largest overall and post-Covid cuts have come in the South East, at 18.7% and 19.3%, respectively.

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Figure 2-B: Bus Service Provision since 2010

Millions of Kilometres, split between Commercial and Supported Services



Source: Scottish Transport Statistics 2025, Table 2.3a. Transport Scotland.

Table 2: Bus Service Supply in Scottish Regions since 2005

Millions of Kilometres

Year to 31 March	North East, Tayside and Central	Highlands, Islands and Shetland	South East	South West and Strathclyde	Scotland
2005	55.2	37.9	103.0	163.1	359.2
2010	57.8	38.0	105.5	175.3	376.5
2015	56.5	31.9	100.0	139.8	328.2
2019	52.6	25.7	103.8	141.0	323.1
2025	45.0	22.6	83.7	131.3	282.7
Since 2005	(18.4%)	(40.3%)	(18.7%)	(19.5%)	(21.3%)
Since 2019	(14.4%)	(11.9%)	(19.3%)	(6.9%)	(12.5%)

Source: Scottish Transport Statistics 2025, Table 2.3c. Transport Scotland.

Note that there is a mismatch in the published total for Scotland between Table 2.3a and 2.3c, probably the result of rounding issues.

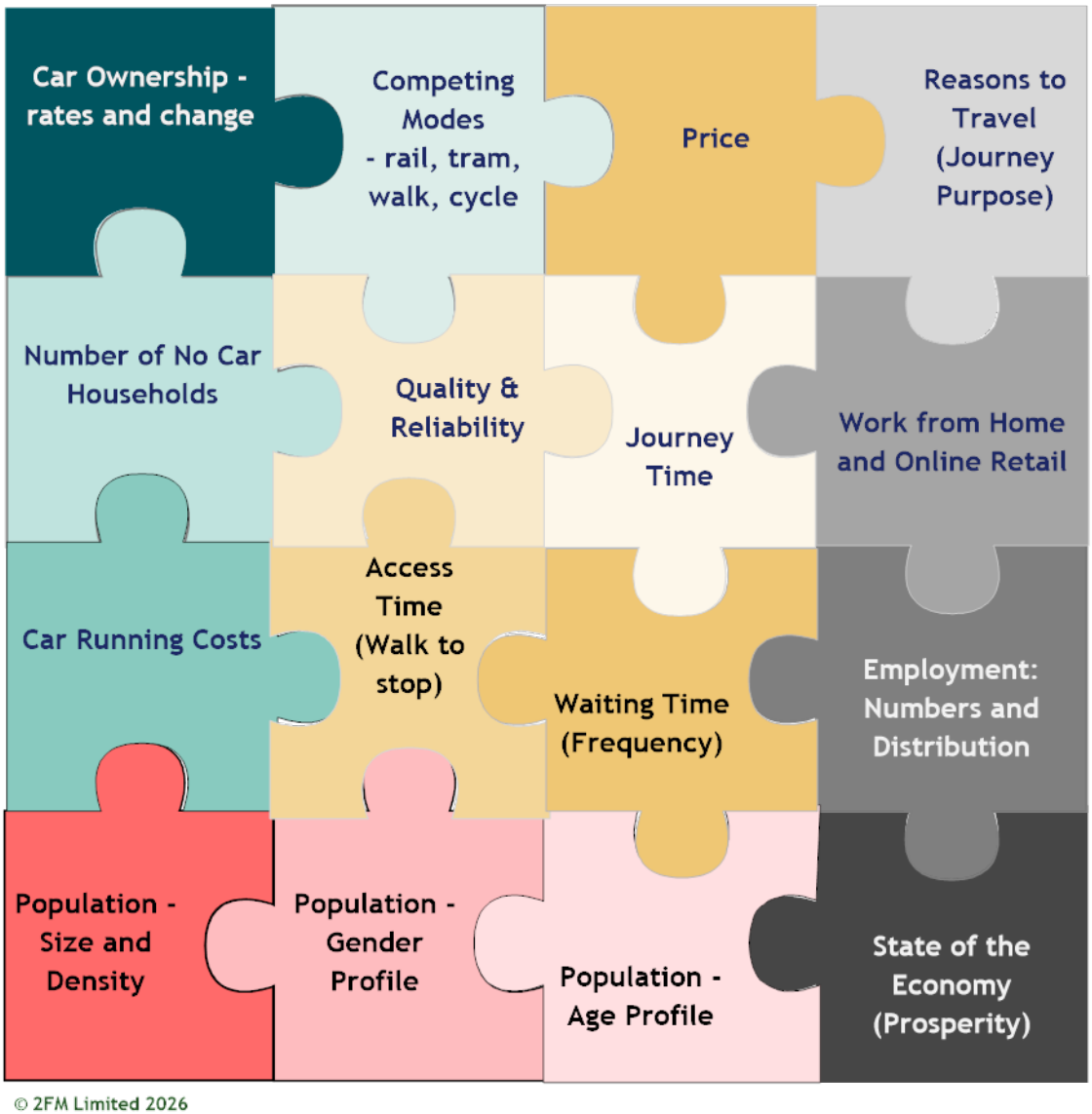
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2.3 Understanding Demand

2.3.1 Research over many years has demonstrated that the influences on demand for bus services is a complex web, in fact, of inter-related issues, such as overall prosperity, the state of the employment market, who owned and was buying cars, changes in shopping habits and retail patterns, shifting trends in leisure activities, and many more. It is akin to a jigsaw, as shown in Figure 2-C below.

2.3.2 Using established demand elasticities, it is possible to attempt to quantify some of these influences, both to try to understand what has happened in the past and to attempt to suggest what is likely to happen in the future against a range of assumptions.

Figure 2-C: The Bus Demand Jigsaw[1]



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[1] *Originally designed for the book* The Bus Demand Jigsaw, *2020, Chris Cheek.*

2.4 The Need for More Disaggregation

2.4.1 I have remarked before in reports and presentations how disappointing it is that more disaggregated data is not made available – even at Regional Transport Partnership level. This is in contrast to England, where DfT publishes estimates of data at Local Transport Authority level. The disparity is surprising given that the dataset is common to both countries, being derived from the annual statutory returns made by operators known as STATS100.

2.4.2 I would argue that this is an issue that should be seriously considered if major changes to the regulatory structure are to be contemplated. If authorities are to take a greater role in bus service provision, they need access to better statistics.

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3. Franchising

3.1 Overview

3.1.1 The initial legislation on “franchising” came in the form of two Transport Acts, in England in 2000 and Scotland in 2001, which introduced the concept of a “Quality Contract” (QC). To quote the House of Commons Library[2]: “Under a Contract scheme, the local authority determines what local services should be provided in the area concerned (including the routes, the timetable and the fares) and lets contracts with bus operators, granting them exclusive rights to provide services to the authority's specification. The authority may make payments to the provider of the services and either party may be required to provide additional features or services.”

3.1.2 It is the exclusivity that distinguishes QCs or “franchises” from partnerships, which by law must be available to all local bus operators who meet the standards set out in the partnership agreement.

3.1.3 In Scotland, the powers granted under the 2001 Act were never used and were replaced in the Transport (Scotland) Act 2019 by new powers for “Local Services Franchises”. The powers came into effect on 4 December 2023, but detailed guidance on implementation was not published until March 2026.

3.2 Franchise or Partnership: A Balance of Risks

3.2.1 The arguments put forward for franchising centre around the benefits of public control of the bus network, allowing authorities to improve frequencies, reliability and coordination, whilst offering what are termed “affordable fares”.

3.2.2 However, it must be borne in mind that franchising would not of itself

- stop costs from rising
- prevent worsening traffic congestion
- make the buses go any faster
- avoid the need for bus operators to make a profit.

3.2.3 The act of franchising creates a number of risks for the public sector, notably revenue risk, as authorities must pay contracted operators their costs and a margin, regardless of revenue received, thus requiring the provision of taxpayer funding to meet any gap.

3.2.4 A key element in the assumption of risk is the labour cost element. Up to 60% of bus industry costs are accounted for by labour costs, 40% for drivers and a further 20% for engineering staff, administrators and managers.

3.2.5 The industry is thus uniquely exposed to the risk of above-inflation wage growth, as well as other factors such as traffic congestion that reduce driver productivity. In a strong labour market, operators need the freedom to increase rates in order to attract sufficient new recruits. At the same time, costs are affected by other factors such as the rise in

[2] *Buses: Franchising. House of Commons Library, Standard Note SN624. 19 April 2012.*

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Employers' National Insurance Contributions in April 2025 or regulatory changes. Information from the CPT Cost Monitor database shows that labour costs per bus hour in Scotland rose by 36.1% (10.1% above inflation) between February 2022 and February 2026 – an illustration of the cumulative effect of all these factors.

3.2.6 At the same time, franchising creates pressure for "levelling up" of wage rates and employment conditions between operators and could in the longer term result in pressure for a return to public sector pension entitlements – both developments which could drive costs even higher.

3.2.7 As costs rise – and historically tend to do so at levels above prevailing inflation rates – there is a risk that the subvention required grows over time. If funds are limited, this can result in fare increases or service cuts in order to match the available resources.

3.2.8 Depending on the franchising model chosen, the franchising authority may also assume responsibility for the provision of vehicles and depots to contacted operators, requiring initial capital expenditure and an ongoing asset management and replacement programme.

3.3 The Current Powers

3.3.1 The new powers are not overly prescriptive, and within the 'franchising' principle, a number of different operating models and *modus operandi* have emerged even within the broad definition set out above.

3.3.2 The Act and the subsequent regulations and guidance set out a process for introducing these is complex, time-consuming and expensive – especially for local authorities already struggling with limited budgets and expanding demand for their statutory services, particularly in the field of social care.

3.3.3 Equally, however, there is an argument that such a major change in such an important matter deserves considerable thought and investigation as well as being subject to outside scrutiny. There is a balance to be struck between due process and policy delivery.

3.3.4 One notable feature of the 2019 Act was the inclusion of a requirement for approval by an expert panel convened by the Traffic Commissioner. This mirrors the provisions of the 2008 Act in England. Its inclusion in the 2019 legislation was something of a surprise since the provision had already been abolished in England under the 2017 Bus Services Act.

3.3.5 In changing the law in England, it was argued that the one expert panel that had been convened, in Tyne and Wear in 2014 had generated more heat than light. The adversarial nature of the proceedings (in which I was a witness) made for an uncomfortable experience for all concerned and arguably did long term damage to important relationships.

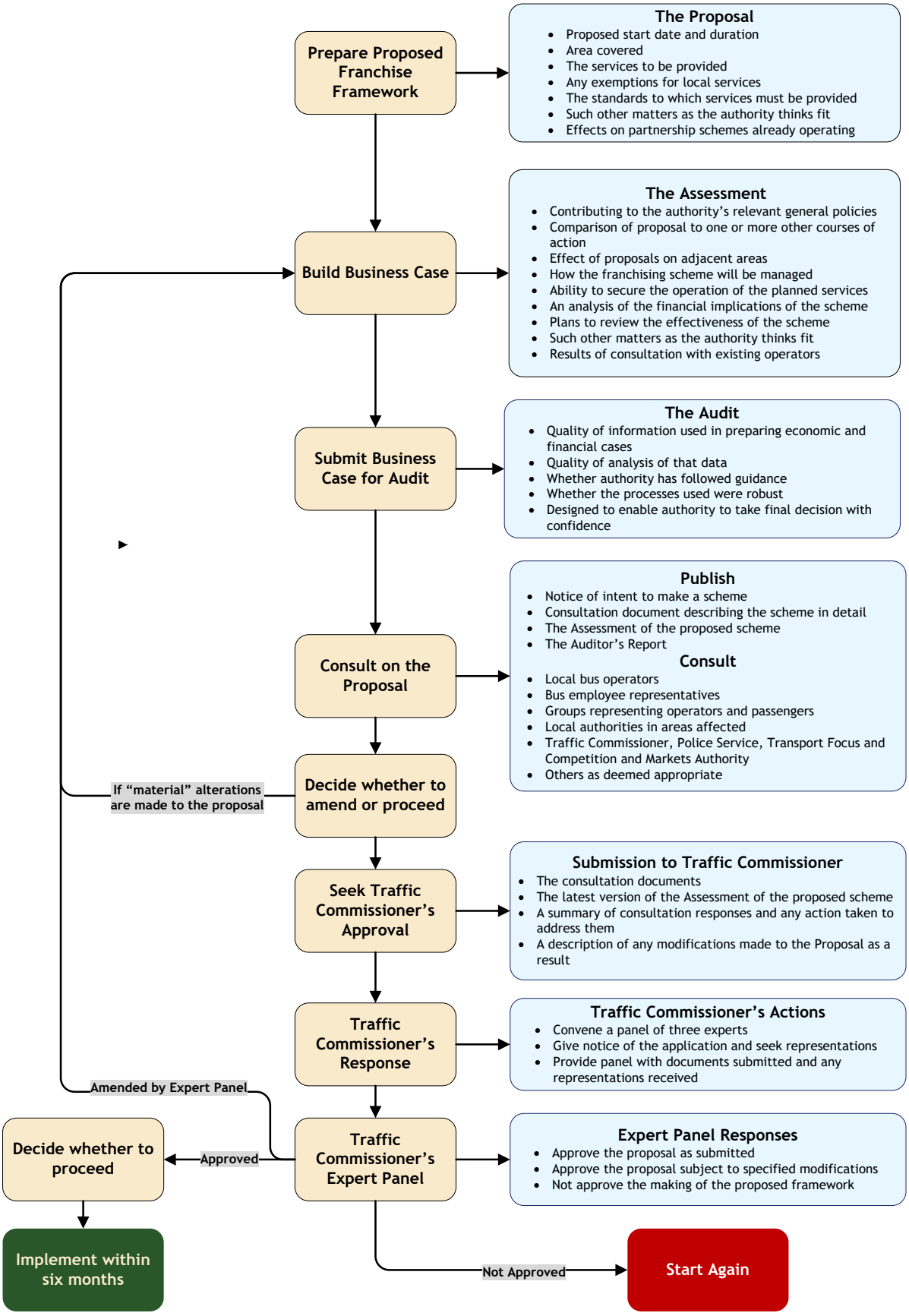
3.3.6 In Figure 3-A below, I provide a chart showing the steps needed – taken from my 2024 book *Britain's Buses in a New Era*, but updated to take account of the 2026 Guidance

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published by Transport Scotland. The result is similar to, but in some ways an expansion of, the chart contained in the Guidance.

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Figure 3-A: Preparing a Bus Franchise in Scotland – The 2019 Act Process



Source: Britain's Buses in A New Era, Chris Cheek. Published by 2FM Limited, October 2024, as amended by reference to the Local Services Franchise Guidance, Transport Scotland, March 2026.

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3.3.7 Of particular note, it seems to me, is the risk of authorities getting into a "doom loop" of revising proposals following consultation and/or the expert panel's verdict, going through the business case, audit and consultation process for a second time, only to have further amendments required, thus starting the whole process for a third time… and so on.

3.3.8 One solution might be to remove the Traffic Commissioner provision in favour of a stronger audit which should include organisations with knowledge and experience of transport modelling rather than being limited to financial expertise.

3.3.9 I was concerned to read in the guidance note the section on guidance for auditors, and particularly the words: "*The auditor does not need to review in detail every data source or assumption*"[3].

3.3.10 Extensive experience of reviewing business cases for transport projects has demonstrated to me that a critical review of *all* assumptions is essential in understanding and commenting on business cases – especially where these are underpinned by medium or long-term patronage and revenue forecasts.

3.4 International Experience

3.4.1 As part of the TACTRAN Pathfinder project in 2023/24 and my 2024 book *Britain's Buses in A New Era*, extensive research was undertaken into the international aspects of franchising with a view to gaining a different viewpoint and understanding lessons to be learned. The results can be seen in the book, a copy of which can be supplied to the Committee if this would be helpful. The paragraphs below summarise international lessons for public transport reform, focusing on partnership, competitive procurement and contracts that encourage better services and increased passenger use.

3.4.2 **Thredbo conferences:** the *International Conference Series on Competition and Ownership in Land Passenger Transport*, started in 1989 in the Australian resort of Thredbo, and have been held every two years since. A series of workshops in 2022[4] on key policy issues concluded that successful reform depends on trust between authorities and operators, genuine stakeholder involvement, simpler tendering and flexibility for innovation. Van den Velde (1997)[5] distinguishes three planning levels: strategic objectives, tactical service design and operational delivery.

3.4.3 **OECD International Transport Forum:** Its 2020 report[6] recommends locally led planning, coordinated across boundaries and with national policy. It advocates sustainable competition, appropriately sized contracts, separation of operations from asset ownership, meaningful quality incentives, transparency and integration with shared mobility. Incorporating public operators may improve efficiency but is not sufficient reform on its own.

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[3] *Guidance for auditors when preparing a report under Section 13F, Local Services Franchise Guidance, Transport Scotland, Page 34*

[4] *https://thredbo-conference-series.org/papers/thredbo17/Thredbo-17-Key-Policy-Document.pdf*

[5] *Entrepreneurship and Tendering in Local Public Transport Services, Prof. D M Van der Velde, 6th Thredbo Conference, 1997*

[6] *OECD/ITF 2020 Reforming Public Transport Planning and Delivery. https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/08/reforming-public-transport-planning-and-delivery_6f24c0d3/6c2f1869-en.pdf*

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3.4.4 **New Zealand:** After deregulation in 1983 and further reform in 1989, patronage declined and support needs grew, leading to partial reform in 2008. In 2013, the country introduced fully contracted services under the Public Transport Operating Model (POTM)in 2013. Regional councils specified services, with gross-cost contracts and operator-owned assets. Negotiated (direct award) contracts eased the transition but cost **10–15% more than tendered contracts in Auckland and 30–35% more in Wellington**, while mandatory negotiations and deadlines weakened councils' bargaining power[7].

3.4.5 **Jersey:** An initial gross-cost contract let in 2002 improved reliability and renewed the fleet but offered limited incentives for innovation or passenger growth. A replacement "net cost" contract from 2013 introduced shared financial risks and rewards, performance-linked extensions, transparent accounting and consultation. By 2016, it had delivered **32% more passengers**, improved satisfaction, cost savings and network enhancements. A new net cost contract was let in 2025.

3.4.6 **Overall:** The examples suggest that the careful design of governance, procurement and incentives matters—not simply whether services are publicly or privately operated.

3.5 Franchise Architecture

3.5.1 Bus franchising legislation leaves open important choices about contract design, risk allocation, asset ownership, vehicle provision and governance. These matters were researched and discussed extensively in our report on bus franchising in Wales (2023) and in the book Britain's Buses in a New Era (2024). The issues are summarised here.

3.5.2 Under the **gross cost model**, used in London, Greater Manchester and now Liverpool City Region, the authority bears commercial risk and pays operators their operating costs plus a profit margin, regardless of revenue. Operators have no direct incentive to increase patronage unless contracts provide one. Contracts must allocate risks associated with cost changes and service disruption.

3.5.3 The **net cost model**, used in Jersey but abandoned in London in the mid-1990s because it offered insufficient authority control, shares commercial risk. Operators bid against a reference network and receive support where revenue does not cover costs. They are incentivised to grow patronage and may run additional services at their own risk, with open-book accounting and sharing the benefits of any upside.

3.5.4 **Contract size** varies depending on local decisions and circumstances: they can cover individual routes (as in London) or small groups. These can aid rural provision and SME participation. Whole networks across defined areas can also be let as one contract, as commonly practised in France.

3.5.5 **Authority-owned assets and vehicles** reduce operators' capital requirements and required profit, but impose upfront costs and continuing financial obligations on the authority. Public borrowing may be cheaper, although central government borrowing limits

[7] *Wallis, Ian, Ian Wallis Associates. Value for Money in Procurement of Urban Bus Services -- Competitive Tendering versus Negotiated Contracts: Recent New Zealand Experience. August 2020. https://ses.library.usyd.edu.au/bitstream/handle/2123/27185/Value%20for%20Money%20in%20Procurement%20of%20Urban%20Bus%20Services.pdf?sequence=1&isAllowed=n*

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may restrict available resources. **Operator ownership** reduces authority investment but increases operators' financing requirements. Both approaches require agreement on residual values, investments and transfers at contract expiry to protect service continuity.

3.5.6 **Governance varies across jurisdictions.** In England, franchising powers were initially restricted to mayoral combined authorities but have now been extended under the 2025 Bus Services Act to all local transport authorities. For combined authorities, their position is complicated by not having highway authority powers. Smaller LTAs may not have the scale or the resources to contemplate starting a franchise process.

3.5.7 Scotland's 2019 legislation assigns decisions to local transport authorities and regional transport partnerships – however, the impending restructuring of local government is likely to change this, and the process may complicate and almost certainly delay any decisions for a number of years.

3.6 Conclusions

3.6.1 In summary, a move towards franchising is not a panacea. It would not address some of the fundamental problems that the bus industry faces – most notably in traffic congestion and increasing costs – but would transfer significant amounts of risk from the private to the public sector, at a time when the combination of rising public debt and increased borrowing costs are already a serious problem.

3.6.2 At present, the decision to move to a franchise marks the start of a long, complex and potentially expensive process with no guarantee of ultimate success. The move involves making a range of decisions over governance, structure, contracts and risks which need careful consideration since they will have a decisive influence on the viability of the franchise, the quality and volume of services provided and profound effect on the franchising authority's budget and eventually the potential cost to the taxpayer.

3.7 Local Authority Bus Companies

Historical Context

3.7.1 Municipal public transport in the UK developed from council-owned tramways in the late nineteenth and early twentieth centuries. After the First World War, many councils replaced trams with buses or trolleybuses; Eastbourne's licensed municipal motorbus undertaking was the first, beginning on 12 April 1903.

3.7.2 The Transport Act 1985 required Great Britain's 51 council-owned bus undertakings to become wholly owned, arm's-length companies. Eight remain municipally owned; six ceased trading or entered administration and 37 were sold. Sales reflected commercial pressures and inadequate scale, governance problems, investment constraints or councils' competing capital priorities. Some closures left acrimonious legacies.

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The Current Position

3.7.3 The eight surviving operators comprise five in England, two in Wales and one in Scotland, as listed below. All serve substantial urban markets, sometimes extending beyond their home authorities; Newport and Warrington have the lowest population densities.

3.7.4 Scale helps meet operating overheads and public-sector obligations, while population density supports demand. Municipal ownership does not remove statutory, financial or competition-law requirements; companies may also be expected to pay dividends towards council budgets.

Table 3: Surviving Municipal Bus Operations in Great Britain

Location	Population (Mid-Year Estimates, 2022)	Area (Km^2)	Density (persons per km^2)	Fleet Size
Blackpool	141,574	35	4,045	137
Cardiff	372,089	141	2,639	213
Edinburgh	514,990	263	1,958	755
Ipswich	139,247	39	3,570	74
Newport	161,506	191	846	115
Nottingham	328,513	75	4,380	315
Reading	174,820	40	4,371	175
Warrington	211,580	181	1,169	110

Routes to New Municipal Companies

3.7.5 Under 2019 Act, councils are empowered to establish a wholly owned operator to run commercial services or bid for contracts, or to acquire an existing bus company. Either route requires asset funding, working capital, future investment, a viable business case, surpluses to service and repay borrowing, and appropriate governance. The fiscal climate may limit councils' capacity to pursue either route.

3.7.6 Under franchising, neither existing nor new municipal operators are guaranteed contract wins or survival through competitive tendering.

The Local Authority Ownership Debate

3.7.7 Municipal ownership remains contested. Supporters cite Edinburgh, Nottingham and Reading: the *New Statesman* reported in 2018 that municipal companies had won UK Bus Operator of the Year title six times in ten years (in 2025, that is now eight times in 13 years), and the Urban Transport Group highlighted the fact that Nottingham and Reading enjoy the some of the highest bus ridership per head outside London.

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3.7.8 Critics cite failures such as Halton Borough Transport's insolvency in January 2020 following disagreements between executive and non-executive directors. Conflicts can arise between councils' shareholder interests and councillors' representative and director roles. These require clear guidelines and careful management.

3.7.9 In a predominantly tendered system, in-house operations could provide an operator of last resort if contracting fails or proves unsatisfactory.

3.8 Direct Award of Contracts: The Teckal Exemption

3.8.1 There is one possible rule which could possibly permit local authorities to award franchise contracts to a bus company they owned without competition, stemming from an EU legal judgement known as the Teckal Judgement. This established an in-house procurement exemption, later codified in Article 12 of Directive 2014/24/EU. For devolved Scottish contracting authorities, the relevant provision is regulation 13 of the Public Contracts (Scotland) Regulations 2015.

3.8.2 Regulation 13 permits an award to a controlled entity outside these Regulations where all three conditions are met:

- Control: the authority exercises control similar to that over its own departments.
- Activity: more than 80% of the entity's activities perform tasks entrusted by the controlling authority or other entities it controls.
- Private capital: there is no direct private capital participation, except non-controlling, non-blocking participation required by legislation which confers no decisive influence.

3.8.3 Public ownership alone does not establish eligibility. Any reliance on regulation 13 depends on qualifying control, activity and capital arrangements. Joint control by several contracting authorities is permitted, subject to regulation 13's additional requirements.

3.8.4 Authorities could expect any attempt to use Regulation 13 to award bus operating contracts to local authority bus companies to be fiercely resisted by private sector operators, including possible legal challenge. Nevertheless, the possibility remains.

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4. Decarbonisation and Fleet Investment

4.1 Overview

4.1.1 The industry can point to a good record in emission reduction. According to the Scottish Greenhouse Gas Statistics 2023 (the most recent available at the time of writing), greenhouse gas emissions from buses and coaches on urban and rural driving were reduced by 44.6% between the base year of 1990 and 2023 (against an 18% reduction in mileage). Emissions fell from 0.56 million tonnes carbon dioxide equivalent ($MtCO_2e$) to 0.31 million[8]. This represented 4.1% of total emissions from domestic transport in 1990, falling to 2.7% in 2023.

4.1.2 According to the Department for Energy Security and Net Zero[9], the 2024 figures for greenhouse gas emissions per passenger km for bus were 108.4 grams CO_{2e} per passenger km (g), but this split out to 74.47g for London and 129.99g for the rest of the country, largely as a result of differing average loads (16.7 for London, 10.1 elsewhere) and the more rapid progress made in the capital to introduce ultra-low and zero emission vehicles. Other public transport modes include 27.17g for coach travel, 35.4g for rail services and 28.6g for light rail.

4.1.3 These figures represent both a problem and an opportunity for the industry:

- the problem in that there is a potential conflict between running large numbers of empty buses around to fulfil social policy objectives and the need to minimise carbon emissions
- the opportunity is to improve occupancy levels, so raising demand for bus travel without increasing carbon emissions.

4.1.4 There is not yet a statutory ban on use of petrol or diesel-powered buses and coaches. However, powers were obtained in the Bus Services Act 2025[10] for ministers to introduce such a ban, but not before 1 January 2030 for vehicles first registered after a date to be specified. Exemptions may be made for certain types of vehicle or service.

4.1.5 Meanwhile, the major groups and some other operators have committed themselves to a zero-emission future, typically promising to eliminate their diesel fleets completely by 2035. However, research by Transport Scotland has shown that there are some doubts as to the practicality of an early date[11]. No doubt Transport Scotland will comment on this.

4.2 Zero Emission Vehicles

4.2.1 There is little doubt that zero-emission vehicles offer a step change in service quality. Vehicles are much quieter and smoother, and passengers suffer less vibration. In surrounding environment, there is a reduction in noise pollution as well as the air quality benefits.

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[8] *Scottish Greenhouse Gas Statistics 2023, 2FM Analysis of the detailed data extract.*

[9] *2024 Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors, July 2024*

[10] *Section 37. https://www.legislation.gov.uk/ukpga/2025/24/crossheading/zeroemission-vehicles*

[11] *Bus Decarbonisation Study, prepared by Sweco, on behalf of Transport Scotland, January 2026.*

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4.2.2 Growing experience with operating the vehicles in service has shown them to be more reliable and cheaper to maintain, since they have many fewer parts to go wrong or requiring replacement. The willingness of manufacturers to warrant battery availability over the expected life of the vehicle (up to 15 years) has significantly reduced the risk to the operator.

4.2.3 Design and innovation has significantly increased the expected range of the vehicles between charges and the speed at which charging can be accomplished.

4.2.4 Experience thus far with vehicles powered by hydrogen fuel cells has been less satisfactory, though the main issues seem to have been associated with the availability and storage of the hydrogen rather than the vehicles themselves. Much publicised problems with a vehicle fire on a hydrogen powered single deck vehicle in Crawley, West Sussex was in fact caused by batteries to power the air conditioning system rather than the hydrogen or the fuel cell itself.

4.2.5 There is a considerable price premium of 25% or more on the purchase of either battery electric or fuel-cell powered vehicles, plus the cost of infrastructure for hydrogen storage or battery charging at depots and – in some cases – at termini.

4.2.6 It is expected that, as the market matures, the price differential for the vehicles will come down – and this is already being affected by price competition, especially from Chinese manufacturers. Other European manufacturers such as Volvo, Mercedes and Irizar also offer competition with the UK manufacturers. Volvo and Alexander Dennis recently announced plans for a new joint venture to explore the development of a tram-style electric bus for the UK market.

4.2.7 Schemes have been developed to enable the retrofitting of battery electric drives to existing diesel vehicles with growing success. The capital cost of repowering is much lower than for a brand new vehicle and will improve the residual value of leased vehicles.

4.2.8 Even if the differential in vehicle prices narrows and repowering proves to be a viable option, the cost of installing electricity supply and connecting it to the grid still has to be met – discussed further below. These costs are unlikely to reduce. Delays that may be experienced in making those connections could well prove to be the main constraint on the market.

4.3 Infrastructure

4.3.1 These costs include:

- the supply of chargers to allow the buses to be connected to mains power
- construction works to accommodate and install the chargers and make the connection to the grid
- the connection to the grid to get the appropriate levels of electricity into the site, installed by the local Distribution Network Operator (DNO)
- the cost of providing an additional supply if required from the local electricity substation to the bus depot or other site where the charging will be done

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- the cost of a new substation and its connection to the grid if there is insufficient capacity at an existing facility.

4.3.2 It follows that the costs vary widely depending on the individual requirements of each site – and this will also the govern the length of time it will take to complete the works.

4.3.3 Delays can occur throughout the process, and can include:

- Any necessary planning consents for physical alternations to the depot(s)
- Electricity connections to the grid, including the provision of any additional substations that may be required

4.3.4 Evidence to date suggests that the infrastructure cost of electrification is upwards of £60,000 per vehicle – though, for the reasons stated, actual numbers will vary quite widely depending on local circumstances.

4.4 Government Grants

4.4.1 Government funding has been made available to local transport authorities (LTAs) to assist with the capital cost of introducing zero emission buses in various areas, through the SCOTZEB scheme and its equivalent in England. This has been designed to mitigate the additional unit costs of ZEB vehicles over the diesel equivalent and to the purchase and installation of the required infrastructure.

4.4.2 ScotZEB phase one offered awards totalling £62 million to nine bus operators and local authorities for projects involving the introduction of 276 buses and associated charging infrastructure. Phase two, launched in May 2023, offered cash grants towards the cost of vehicles ranging from £60,000 to £135,000 depending on size, and 70% of the infrastructure cost. The results in July 2024 resulted in a total of £41.7m awarded to eight operators covering a total of 252 new vehicles and associated infrastructure, including funding for several coach companies as well as local bus operators. The third and final phase of the subsidy scheme was announced in November 2025. The SCOTZEB3 funding decisions were announced in March 2025, in which a total of £45m was awarded to five operators, towards the cost of 227 buses and 107 coaches together with charging infrastructure.

4.4.3 Further assistance is provided in the form of a Low Emission Vehicle incentive payment added to Bus Service Operators' Grant (BSOG). Under this regime, operators of zero emission vehicles currently receive grant at the rate of 30p per kilometre.

4.5 The Future

4.5.1 In 2024, in the book *Britain's Buses in A New Era*, an attempt was made to quantify the expected cost of replacing the existing diesel fleet with ZEBs by 2035. Using DfT fleet analysis from March 2023, we estimated a requirement for 3,200 new vehicles at a weighted unit cost of £387,000 each (based on the current distribution of vehicle types). This would be a total cost of £1.1 billion at 2024 prices.

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4.5.2 An updated fleet analysis from March 2026 was due for publication shortly at the time of writing, an updated assessment could be provided at that point if required.

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5. Fares, Concessionary Travel and Ticketing

5.1 Overview

5.1.1 There have been significant changes in fares and ticketing structures over the last two decades, moving from a predominantly cash-based system with on-board payment to a diverse system including pre-payment, contactless cards and expanded concessions.

5.1.2 The move to prepayment and contactless has reduced stop dwell times, helping journey speeds and reliability, and in some areas the proportion of customers paying cash is reportedly as low as one per cent.

5.1.3 Further change has come in 2026 with the gradual introduction of a £2 fare cap across the country, with public funding making up the difference for operators.

5.1.4 The downward pressure on fares comes from an ambition to ensure that fares are "affordable" – though I am not aware that anybody has actually defined what that means. It might be useful to have that discussion.

5.1.5 In the circumstances of the last few years, the pressure of increases in the cost of living and the lack of significant real-term growth in household incomes since the 2008 recession, it is inevitable that there will be pressure to keep fares as low as possible.

5.1.6 However, there must be some concern about the cost to the Exchequer of introducing both fare caps and extended concessions for different groups of people, especially in the longer term. As already discussed under franchising, this could be particularly difficult in the light of the severe fiscal challenges facing both the Scottish and the UK Governments.

5.2 The Effect on Revenue

5.2.1 The introduction of the Under 22 free travel concession in 2022 has resulted in a shift of income from the farepayer to the taxpayer as part of an overall reduction in the real-term value of operator income. This is illustrated in the analysis in Table 3 below.

5.2.2 As can be seen, as well as the real-term fall in total income, there has been a marked shift from fare-paying to concessions reimbursement, so that farepayers accounted for 51% of total income in 2010, this had fallen to 44.1% in 2025.

5.2.3 Over this period, total operating costs have also shrunk in real terms, by 11.5%, but that has to be seen in the context of a 25% reduction in mileage operated during that period. As a result, as the figures in Table 4 below show, the unit costs of operation have risen rapidly – by 16.6% when calculated per kilometre, and by 21.1% when calculated per passenger journey. This latter measure is a useful indicator, since it also takes into account shifts in passenger demand and their effect on viability.

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Table 4: Bus Operator Income in Scotland by Source, 2010 v 2025

£m. Adjusted for inflation by the GDP Deflator to June 2025 prices

Year to 31 March	2010	% of total	2025	% of total	% Change
Passengers	486	51.3%	394	44.1%	(19.0%)
Concessions	275	29.1%	392	43.9%	42.4%
LTA Support	92	9.7%	63	7.1%	(31.2%)
BSOG	94	9.9%	44	4.9%	(53.1%)
Total	**947**	**100.0%**	**893**	**100.0%**	**(5.7%)**

Source: 2FM Bus Industry Monitor database, from Scottish Transport Statistics and Annual Bus Statistics, Department for Transport

Table 5: Bus Operating Costs in Scotland, 2010 v 2025

£m. Adjusted for Inflation by the GDP Deflator to June 2025 prices

Year to 31 March	Operating Costs (£m)	Cost per Km run (£)	Cost per passenger journey (£)
2010	828	2.199	1.809
2025	733	2.563	2.193
% change	(11.5%)	16.6%	21.2%

5.2.4 The risk, therefore, is that – unless fares are allowed to rise to reflect at least the impact of inflation or the trends in operating costs per passenger – the subsidy bill required from government will grow incrementally, effectively to writing a 'blank cheque' for bus subsidy. This would mirror what happened in the late 1970s and early 1980s, when the bus subsidy bill across Britain rose by 40% between 1977/78 and 1982/83, as a result of huge market decline and rising operating costs[12]. This was the context for the decision to deregulate and privatise, as set out in the 1984 *Buses* White Paper.

[12] *2FM Analysis of Bus & Coach Statistics 1991/92, Department for Transport.*

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6. Bus Priority and Local Powers

6.1 Overview

6.1.1 The need for buses to run more quickly and more reliably is, in my view, the paramount question in current bus policy. It lies at the heart of our ability to:

- achieve modal shift from private car to public transport
- achieve wider market growth
- restore viability and expand network provision
- make bus operations more efficient and cost-effective.

6.1.2 In the summer of 2025, I was commissioned by CPT Scotland to prepare a report on this subject. The resulting document, ***The Role of Speed in Scotland's Bus Network,*** was published in October 2025 at the CPT Scotland annual conference in Edinburgh. The full report is available for download at https://www.cpt-uk.org/media/bnqecqfw/speed-report-scotland-final.pdf. A brief summary follows.

6.2 Identified Benefits

6.2.1 This report demonstrated the wide range of benefits that can be gained from enabling bus services to run at faster speeds.

6.2.2 For bus passengers, higher speeds offer:

- time savings on their daily commute
- greater consistency and predictability for their journeys

6.2.3 For the wider economy, more efficient and less stressful journeys to work will help to improve productivity, whilst better and more efficient bus services, by making travel more attractive, will aid the revival of town and city centres.

6.2.4 For society at large, faster buses will reduce emissions, and improve local air quality. Making bus services more attractive will assist modal shift, helping to achieve Net Zero targets. Making buses more efficient will help to keep fares lower and enable higher service levels, thus improving the accessibility of the bus network.

6.2.5 Reduced traffic congestion and optimisation of road space allocation will aid economic efficiency and promote transport-oriented development, encouraging higher-density, mixed-use communities that are less car-dependent and more sustainable.

6.3 Cost Savings

6.3.1 The report demonstrated the overriding importance of scheduled speeds in determining the cost of providing our bus networks, whilst offering a worked example to illustrate the cost savings that can accrue from improving speeds and reducing end-to-end journey times.

6.3.2 Where a change in speed allows a service to be operated by fewer buses, cost savings of up to 3.5% per minute reduction can be achieved.

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6.4 Demand Growth

6.4.1 There is strong evidence that faster and more reliable bus journeys will increase passenger demand. Evidence suggests that:

- Every 1% saved on journey time is likely to generate 0.6% more patronage
- Every 1% saved on door-to-door journey lengths (including stop access time and waiting time at bus stops) is likely to generate 1.1% more patronage.

6.5 Estimating Wider Benefits

6.5.1 Using the methodology pioneered by KPMG for CPT in 2024, the report assessed the current value of the bus network to Scotland's economy at £5.3 billion a year.

6.5.2 The report estimated that an overall increase of bus speeds by 8% could increase this value by 9.6% (£565 million) to £5.9 billion annually.

6.6 Case Studies

6.6.1 A series of case studies used in the report demonstrated both the benefits of bus priority measures and the disadvantages of slower journey times. They showed how, in Edinburgh, Aberdeen and Portsmouth measures taken resulted in reduced journey times which in turn resulted in cost savings and patronage growth. However, there are also examples where a lack of positive infrastructure improvements has had a detrimental impact on operations such as reduced frequency, increased operating costs, and declining patronage.

6.6.2 In a subsequent sister report on the situation in England, the case studies highlighted how investment in dedicated bus infrastructure – as seen in Crawley, Gosport & Fareham and Kent Thameside – have proved to be transformative in the long term, still delivering rising patronage and revenue growth up to 15 years after first opening.

6.7 Priority in Practice

6.7.1 It has to be acknowledged that there is a gulf between a strategy to deliver improved bus speeds and the physical delivery of actual measures on the ground.

6.7.2 Bus priority can be hugely controversial, prompting objections from motorists, residents and sometimes local businesses. The media can be hostile, and proposals are often brought forward against the backdrop of a complex local landscape in the world of six-party politics.

6.7.3 An added complication in recent times has been the rise of populism and the breakdown of the political consensus over Net Zero policies. The rise of social media adds a further complication.

6.7.4 Ultimately, though, there is little alternative to hard work in making the pro-bus and pro-measures case, and to attempt to build a consensus. As the CPT report shows, the effort could be well worth it.

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