

**DRAFT SPEAKING NOTES FOR MINISTER FOR
TRANSPORT & ISLANDS (CHECK AGAINST DELIVERY)**

UK BUS SUMMIT, 12 FEBRUARY 2015

PANEL SESSION: “THE VISION FOR BUSES”

OPENING REMARKS

INTRODUCTION

Thanks for inviting me today.

I’m still relatively new to my role as Transport Minister. But as a constituency MSP and as a former Council Leader I’m very familiar with the importance of bus services and the contribution which they make to the economy, environment and people’s individual wellbeing.

Especially interesting for me to be sitting on a panel with Danny [Kennedy] and Leon [Daniels], with their experience of very different approaches to bus services.

BUS SERVICES IN SCOTLAND

Overall trends

As in England outside London, buses in Scotland account for around 80% of all public transport journeys, significantly outnumbered by the car but outstripping rail.

In 2012-13, 423 million journeys were made on Scottish buses, just over a third paid for through our concessionary travel scheme, which operates Scotland-wide covering over 60s and people with disabilities

We have two major multinational bus operators with their origins, headquarters and significant operations in Scotland – Stagecoach and First. Lothian Buses is one of the largest council-owned operators in Britain. And we have a major innovative manufacturer, Alexander Dennis Ltd, based in Falkirk.

There have been minor differences in trends between Scotland and England – again outside London – over the last five years, but broadly we have similar experiences in terms of gradual falls in journey numbers, mileage and fleet sizes and rises in fares and costs (including in real terms).

Not wholly surprising given the economic and public spending climate in recent years, which has affected fare-paying passengers and local and central governments alike.

User satisfaction

Despite these trends, surveys continue to show high levels of satisfaction among bus users.

Two of our biggest operators – Lothian, who operate in and around Edinburgh, and First Glasgow – came at or near the top of the poll in autumn 2013's Bus Passenger Survey, with percentage satisfaction rates in the 90s.

Many services – public or otherwise – with millions of transactions a year would be delighted to get anything like that.

Passenger Focus did a wider Scottish survey last autumn, to see how other operators compare and if Lothian and First Glasgow, having set the bar so high, have been able to keep up the good work. I'm looking forward to seeing the results, which will be out next month.

Funding

In 2012-13, bus operators received £351 million from fare paying passengers and £299 million from central and local government in the form of Bus Service Operators Grant, concessionary travel reimbursement and payments for supported services.

In other words, most of the funding for bus services comes from fare paying passengers, but taxpayers account for a considerable 45%.

We restructured BSOG in April 2012 to increase incentives towards fuel efficiency and low carbon vehicles and to shift support towards longer, generally more rural services. Since then, we have been able to maintain both the rate and the budget despite the economic climate.

On concessionary travel, we agreed a new economic model with the industry in 2013 to ensure operators were appropriately compensated. I'm pleased to say that we've been able to use it again this year to arrive relatively painlessly at an

agreement for the next two years which I think is fair to operators and taxpayers and ensures the continuing sustainability of the scheme.

CHALLENGES

What then are the challenges we now face in Scotland?

I don't think the model we have now is fundamentally broken, and I am wary of the risks of instability and upheaval from major regulatory change.

Nor do I want to talk down what are for the most part good services which we want more people to use.

I'm reserving my position on Iain Gray's proposal for a Member's Bill in the Scottish Parliament to regulate bus services – at least until I have had some details as to its content.

That said, there are things that can be improved and that do need fixing.

Environment

We want to see a much greener fleet, given concerns over air quality and our demanding statutory targets to reduce greenhouse gas emissions.

Over five rounds of the Scottish Green Bus Fund, we've provided £13 million helping secure 276 new low carbon vehicles for the Scottish bus fleet, backed up by the double incentive rate of BSOG we pay for LCVs.

Like DfT, we're now looking at how we structure support for new green buses in future, taking account of market and technological developments since the Fund was first introduced.

Accessibility

We need to improve accessibility and tackle inequality and exclusion. The passenger survey approach looks at the experiences of people who use buses. Not those who can't or won't use them.

People with disabilities or infirmities can find buses difficult to use. People in remoter areas can find bus services scarce or unavailable.

With our Mobility and Access Committee for Scotland and disabled people's organisations, transport operators and transport authorities, we're looking at how we can improve the customer experience for disabled people across transport in Scotland – for example using the opportunities presented by new technologies to provide better, easier to use information on services.

We're also working with the Community Transport Association, local authorities and others to see how community groups, taxi operators and other forms of provider can help fill in the gaps which for whatever reason are more difficult to reach with conventional bus services.

Improving local delivery and partnership

We want to turn around the slow decline in services and patronage, with modal shift from the car.

That involves getting the design and delivery of services right at the local level. Local authorities are the key players here, working with communities and providers to make best use of the funds and regulatory levers they have.

Our Community Empowerment Bill aims to strengthen the community planning process and give local communities new powers to challenge how public services are delivered.

We need to see more partnership and better engagement between operators and local transport authorities. It may be that more is happening than we see, but there's less than I would like.

Service registration

This year we will amend the process for registering bus services. We will extend the period for notifying local authorities before a registration is submitted to the Traffic Commissioner and encourage a more consultative approach that goes beyond mere notification.

This will create space for operators and local authorities to have a more constructive dialogue when services change. I trust they will use it.

Quality Partnerships

QPs have a lot of potential for tackling issues such as service quality, air quality, accessibility and congestion.

It's disappointing that we don't see more of them.

With the Bus Stakeholder Group, we're looking at the legislation on Statutory Quality Partnerships. One issue is whether we should adopt the additional provisions introduced in England in 2008 Local Transport Act, allowing SQPs to cover service frequencies, timings and maximum fares and giving the Traffic Commissioner powers to refuse registrations which might destabilise an SQP

Funding

Another barrier to partnership often cited is lack of resources, for example to fund infrastructure for SQPs.

That was one of the reasons for the Bus Investment Fund we launched in 2013. The first two rounds are supporting a diverse range of 30 projects across Scotland being taken forward over two to three years. The next step is to evaluate the scheme so far and plan for future rounds.

Franchising

We have similar legislation on franchising, in the form of Quality Contracts, to that in England, although our test for introducing an SQC is different.

In Scotland, we require them to be effective, efficient and economical, which seems to me to be reasonable. We also require Ministerial approval before a scheme can enter force.

I am looking forward to hearing about your discussions today on the merits of franchising. I note too that DfT has commissioned KPMG to do some work on the costs and benefits of QCs. With luck, that will help dispel some of the confusion currently surrounding this issue.

Smart Ticketing

An important part of the customer experience is booking and paying for travel. We want to see all journeys on Scotland's bus, rail, ferry, tram and subway networks accessible in a straightforward and integrated way using smart ticketing or payment.

We are working with a range of partners across Scotland and across modes. Different approaches are needed for different modes. For rail and ferries, we have national contracts which can include specific ticketing requirements, as in the new Scotrail franchise with Abellio.

The deregulated bus sector requires a different approach, and we are working closely with operators to see how best to take forward the smart ticketing agenda across the Scottish bus sector.

CONCLUSION

I think the mixed model of market driven services, appropriately regulated and supported by a mixture of central and local government funding, is fundamentally sound.

Services have held up pretty well through difficult economic times, and at their best can be truly excellent.

But there are challenges which more, better bus services could help us address – in terms of environmental quality, economic development and combatting social exclusion.

Critical to all this is getting the right mix of private sector, voluntary sector and local and central government action. And good engagement and partnership between them.

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