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Net Zero, Energy and Transport Committee

Net Zero, Energy and Transport Committee report on The Bus Services Improvement Partnerships (Objections) (Scotland) Regulations 2024 [Draft]



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Net Zero, Energy and Transport Committee

To consider and report on matters falling within the responsibility of the Cabinet Secretary for Net Zero and Just Transition, with the exception of matters relating to just transition; on matters relating to land reform, natural resources and peatland, Scottish Land Commission; Crown Estate Scotland, and Royal Botanic Garden within the responsibility of the Cabinet Secretary for Rural Affairs, Land Reform and Islands; and on matters relating to energy within the responsibility of the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy.



netzero.committee@parliament.scot

Committee Membership



Convener
Edward Mountain
Scottish Conservative
and Unionist Party



Deputy Convener
Ben Macpherson
Scottish National Party



Bob Doris
Scottish National Party



Jackie Dunbar
Scottish National Party



Monica Lennon
Scottish Labour



Douglas Lumsden
Scottish Conservative
and Unionist Party



Mark Ruskell
Scottish Green Party

Introduction

1. [The Bus Services Improvement Partnerships \(Objections\) \(Scotland\) Regulations 2024](#)[Draft] was laid in the Scottish Parliament on 7 December 2023. The draft instrument was referred to the Net Zero, Energy and Transport Committee for consideration and is subject to the affirmative procedure, meaning it must be approved by the Scottish Parliament before it comes into force.
2. It is for the Net Zero, Energy and Transport Committee to recommend to the Scottish Parliament whether the draft Regulations should be approved. On 11 December 2023, the Minister for Transport lodged motion [S6M-11609](#), proposing that the Committee recommends the draft Regulations be approved.
3. This instrument relates to Bus Service Improvement Partnerships ('BSIPs'). This concept was developed in the [Transport \(Scotland\) Act 2019](#) ('the 2019 Act') with the aim of enabling joint working between local transport authorities and operators to develop and expand bus services in local areas. Provisions around BSIPs made in the 2019 Act amended a similar scheme called 'bus quality partnerships' derived from the [Transport \(Scotland\) Act 2001](#) ('the 2001 Act'). Further details on BSIPs and how they operate can be found in this [Transport Scotland policy document](#).
4. [The Policy Note](#) accompanying the instrument says its purpose is to amend the 2001 Act to establish a protocol for how bus operators may object to the creation of a BSIP plan in their localities. The Regulations also specify the number of objections from local bus operators a BSIP plan must receive to be considered sufficient opposition for it be unable to be progressed.
5. In addition to consideration of this draft instrument, the Committee notified the Minister that it wished to take this opportunity to discuss wider budgetary issues relating to bus services in light of the recent publication of the [Scottish Budget 2024/25](#), setting out the Scottish Government's tax and spend plans for the forthcoming financial year. A summary of the discussion held on this has also been captured in this report.
6. At this meeting the Committee also considered a negative instrument, [the Bus Services Improvement Partnerships and Local Services Franchises \(Provision of Information\) \(Scotland\) Regulations 2023](#), which also pertained to the subject of BSIPs. It agreed that it did not wish to make any recommendation on this instrument.

Consideration by the Delegated Powers and Law Reform (DPLR) Committee

7. At its meeting on 19 December 2023, the DPLR Committee considered the instrument and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit. [Read the Official Report - 19 December 2023.](#)

Net Zero, Energy and Transport Committee consideration

8. At its meeting on 16 January 2024, the Committee took evidence on the draft Regulations from—
 - Fiona Hyslop, Minister for Transport, Scottish Government;
 - Liana Waclawski, Lawyer, Scottish Government;
 - Orsolya Keri, Bus Regulatory Policy Manager, Transport Scotland;
 - Bettina Sizeland, Director of Bus, Accessibility and Active Travel, Transport Scotland.
9. The evidence taken at the meeting can be read in the Official Report, which is available at the following web page—

[Read the Official Report - 16 January 2024.](#)
10. In her opening remarks, the Minister said the development of an objections mechanism for BSIPs was important to ensure that local bus operators "are able to meaningfully engage with the BSIP" and makes sure that "the final partnership is based on mutual agreement and buy-in from both the transport authorities and operators so that they can serve the needs of local communities." ¹

Scottish Budget settlement for bus services

Community Bus Fund

11. The Committee queried the current budget settlement for establishing municipal bus companies. The Minister said the establishment of these services in the 2019 Act is fully funded in the Budget. She added that £1 million in revenue funding and £5 million in capital funding have been allocated in the Budget for municipal bus services through the Community Bus Fund. ²
12. The Committee queried if £5 million was sufficient to encourage uptake of public bus companies by local transport authorities. The Minister said most local authorities remained at the early stages of exploring alternative service models, and this reflected the current budget settlement. ³ She said that it was for local authorities to choose what service model works best for their communities, but stressed that the Scottish Government will provide support and funding to help with any policy proposals. ⁴
13. The Committee questioned what local authorities have been utilising revenue funding through the Community Bus Fund to explore options around municipal services or franchising. The Minister said a number of examples of local transport authorities from across Scotland have indicated their interest in exploring new service models. A Transport Scotland official noted that they had received a number

of representations by local authorities to use franchising powers under the 2019 Act, and undertook to provide a follow-up list of bidders to the Committee. ⁵

Bus Priority Fund and Bus Partnership Fund

14. The Committee asked what support the Scottish Government was providing to assist with the roll out of bus priority measures across Scotland. The Minister said the Scottish Government was involved with supporting a number of local bus priority initiatives. But she said the Bus Priority Fund, used to finance these measures, will be paused in light of what she said were capital budget constraints. However, the Minister made clear that bus priority measures that have already been committed to would continue to be funded. She said the Scottish Government hopes to restore this funding in the longer term. ⁶
15. The Committee questioned the impact of the decision by the Scottish Government to pause the Bus Partnership Fund on increasing passenger numbers on public transport. The Minister said the Scottish Government intended to continue the scheme in the future in recognition of the important role it plays in improving service delivery and increasing patronage. ⁷ However, she said:

” thinking about the wider budget, we have to keep road and rail safety paramount. That makes up the bulk of the funding for our operations. It is similar for ferries; we have lifeline ferries and we have to make sure that they continue to be supported to provide a service. ⁸
16. The Committee queried if the Bus Partnership Fund was paused due to a lack of uptake amongst local authorities. The Minister said there was not a desire amongst local authorities to undertake these works, however due to the complexities in design and preparation of deploying these measures few projects have yet to reach the construction-ready stage. ⁹
17. The Committee asked if the Scottish Government remained committed to financing £500million for the Bus Partnership Fund. The Minister said increasing bus patronage remained a priority for the Scottish Government. However, she said "it is a longer-term commitment. I am not in the position to be able to tell you for how long and when that will be. We cannot, because of the financial situation that we are in." ¹⁰

Network Support Grant

18. The Committee queried the reduction of 11% in revenue funding for the Network Support Grant in the 2024/25 Budget settlement compared to the previous year, and the implications it will have on Scotland's climate change objectives. The Minister assured the Committee that the Network Support Grant was fully funded. She said the reduction was because the Grant was not utilised by operators as much as expected last year due to reduced patronage and fewer bus routes. ¹¹
19. The Committee probed the reduction in bus routes and whether any analysis had

been conducted on the reasons behind this. The Minister said bus services were significantly impacted by the pandemic and passenger number have not fully recovered. She said this was also due to changes in working patterns and transport behaviours. She added the Scottish Government remained committed to delivering a sustainable bus system, noting the upcoming Fair Fares Review as one tool to progressing that work. ¹²

20. The Committee asked if the Scottish Government applies conditions to public money to ensure bus operators meet certain service standards. The Minister said through the Network Support Grant the Scottish Government have embedded fair work requirements on bus operators. Regarding the quality of services, the Minister undertook to discuss this further with stakeholders and agreed to follow-up with the Committee on this point. ¹³ The Committee probed whether conditionality could address local concerns relating to operational standards. The Minister noted that contingencies around funding have improved operator working conditions, which has positively impacted on recruitment of bus drivers. ¹⁴

Concessionary Travel

21. The Committee asked if the significant proportion of Budget for bus transport allocated to concessionary travel had negatively affected wider bus funding and commercial decision making. The Minister acknowledged that there was a challenge around funding concessionary travel, in so far as it may limit the market for full-fare-paying passengers. She added that there is a question of whether this funding could be better used, noting that consideration must be given to what is in the best interests of the overall sustainability and reliability of bus provision. ¹⁵

Discussion on the draft Regulations

Franchising and municipal bus services

22. The Committee asked if Transport Scotland had engaged with counterparts in Greater Manchester to understand best practice around the development of franchising. A Transport Scotland official answered that there had been discussions with Department for Transport and transport officials in Manchester, but emphasised that conversations remained in their "early days". ¹⁶
23. The Committee questioned the lack of uptake amongst local authorities in establishing new service models through powers in the 2019 Act. The Minister said the decision to explore different service models was a matter for local authorities, not the Scottish Government. She noted that market conditions and competition law could be reasons why local authorities may not choose to set up municipal companies or franchising. She added that the Scottish Government was in the process of developing guidance for local transport authorities, which would share best practice around the formation of these service models. ¹⁷
24. The Committee asked if the introduction of bundled routes through franchising

arrangements could enhance the delivery of services on less financially-viable bus routes. The Minister said she believed the introduction of franchising would help to provide more sustainability and reliability in services for local areas where previously commercial services have been withdrawn by private operators due to financial considerations. The Committee probed the existing funding model for subsidised routes and whether this could be done in a more proactive and strategic way. The Minister agreed but said current market conditions and reduced patronage made this type of funding arrangement difficult for local authorities to implement at present.¹⁸

25. The Committee asked what analysis the Scottish Government has conducted into the costs and benefits of BSIPs and franchising models, and how conducive they are to delivering a modal shift onto public transport. The Minister emphasised that there are a number of local circumstances that individual local authorities will need to consider in identifying the correct service model. A Scottish Government official noted that the Community Bus Fund provides financing for local authorities to explore service options. It was at this stage that local authorities would typically be undertaking a cost-benefit analysis.¹⁹

Modal shift

26. The Committee asked if analysis has been undertaken into what the costs will be in delivering a modal shift to public transport and whether start up costs for local bus services have inhibited this policy aim. The Minister said at a national level there has been work done on this matter. She added that it was also important for individual local authorities to undertake and share their own assessments in understanding the specific circumstances in each community.²⁰
27. The Committee asked if the Scottish Government has assessed the impact of the Bus Partnership Fund in increasing bus service routes and enabling a modal shift. The Minister said that the aim of the Fund was not targetted at increasing bus routes. However, she noted that one of the ambitions for the Fund was to make services more convenient which will support the shift towards uptake in bus services.²¹

Formal consideration of the instrument

28. Following questions to the Minister and officials, the Committee then moved to formally dispose of the instrument. The Minister spoke to and moved the motion in her name:

That the Net Zero, Energy and Transport Committee recommends that the Bus Services Improvement Partnerships (Objections) (Scotland) Regulations 2024 [draft] be approved.

29. Various contributions were made by Committee Members. Comments included:
- Scepticism about whether BSIPs will deliver a more sustainable and reliable

bus network in Scotland; ²²

- The challenging circumstances in relation to enabling modal shift and how existing investment could be utilised more efficiently to deliver better services; ²³
- The need for consultation with local communities and stakeholders when implementing bus priority measures; ²⁴
- Local transport authorities require adequate funding to encourage the creation of changes in service models. ²⁵

Recommendation

The Net Zero, Energy and Transport Committee recommends that The Bus Services Improvement Partnerships (Objections) (Scotland) Regulations 2024 [Draft] be approved.

Net Zero, Energy and Transport Committee

Net Zero, Energy and Transport Committee report on The Bus Services Improvement Partnerships (Objections) (Scotland) Regulations 2024 [Draft], 1st Report, 2024 (Session 6)

- 1 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 4.
- 2 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 5.
- 3 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 6.
- 4 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 5-6.
- 5 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 6-7.
- 6 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 9-10.
- 7 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 10-11.
- 8 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 10.
- 9 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 11-12.
- 10 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 12.
- 11 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 12-13.
- 12 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 13-14.
- 13 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 18-19.
- 14 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 19-20.
- 15 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 14-15.
- 16 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 7.
- 17 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 7-8.
- 18 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 8-9.
- 19 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 16-17.
- 20 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 17.
- 21 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 17.

- 22 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , cols 20-21.
- 23 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 21.
- 24 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 21.
- 25 Net Zero, Energy and Transport Committee. [Official Report, 16 January 2024](#) , col 22.

