CONFEDERATON OF PASSENGER TRANSPORT – SCOTLAND

WRITTEN SUBMISSION

The Confederation of Passenger Transport – Scotland (CPT) welcomes the opportunity to give written evidence to the Infrastructure and Capital Investment Committee on the Scottish Government's draft budget 2015-16

CPT is the trade association that represents Scotland's bus and coach industries. As such, this response will focus on the elements of the budget which impact most upon these modes of passenger transport.

The funding for Concessionary Fares rises from £197m for 2014-15 to £204m for 2015-16. CPT assumes that, as in previous years, £5m of this budget is for scheme operating costs along with other concessions schemes, leaving £199m to reimburse bus operators for providing the government's National Concessionary Travel Scheme for the elderly and disabled.

CPT believes that the £204m currently listed within the draft budget should be regarded as a guideline rather than a definitive budget figure given the ongoing work between the Scottish Government and CPT to calculate operator reimbursement using a model populated with up-to-date information on factors such as fares, operating costs and discounts. This work has not as yet been completed for 2015-16.

Given that no conclusion has been reached on the correct figure for operator reimbursement for 2015-16, the Scottish Government cannot assign a definitive figure to this budget line. Reimbursement cannot be worked back from an arbitrary budget line.

While CPT appreciates the need for a figure to appear in the draft budget we believe that it is important to point out that it should be very much subject to change and, given CPT's input into discussions with Transport Scotland on this matter to date, we strongly believe that the budget figure will need to increase to ensure the scheme is adequately funded to reimburse operators correctly.

Since 2012-13 the budget for 'Support for Bus Services' has remained fixed (falling in real terms) at £53.8m. CPT understands that the £53.8m will continue to be divided between two schemes - £3.8m for the Bus Investment Fund (BIF) and £50m for the Bus Service Operators Grant (BSOG).

BSOG is an important funding stream for bus operators. BSOG is paid on a pence per kilometre basis and helps mitigate a degree of the fuel duty operators currently pay. This allows operators to keep from passing this cost onto fare paying passengers. BSOG contains incentives for low carbon vehicles (LCVs) with mileage run on qualifying LCVs receiving an uplifted payment rate.

This is not the Government's only method of supporting the purchase and operation of LCVs. The Green Bus Fund (which is not listed in the draft budget 2015-16) provides grants to successful bidders for up to 80% of the price differential between a LCV and its diesel equivalent. The Green Bus Fund had a fixed budget of £4.75m for 2014-15.

CPT has concerns that the aims of the Green Bus Fund are undercut by the Scottish Government's approach to the BSOG scheme budget. Both the Green Bus Fund and the increased BSOG payment rate for LCVs are laudable. However, the flat-lined budget for BSOG means that the increasing number of LCVs in operation in the Scottish bus fleet (as encouraged and assisted by the Scottish Government) is putting increasing pressure on the BSOG payment rate.

The rate being paid to both standard and LCV vehicles may end up being reduced to keep the scheme within its £50m budget – even though one of the principle factors for the budget being under pressure (along with a recent increase in mileage operated) is the Government's own Green Bus Fund scheme.

The Bus Investment Fund, as noted in the draft budget, supports partnership working to improve bus services, standards and infrastructure across Scotland. CPT looks forward to discovering how successful this scheme has been in practice and whether the funding for the scheme, which was taken from the BSOG budget, is producing positive results or whether the £3.8m budget would be better channelled back into BSOG.

In light of the concerns raised above, CPT is of the opinion that the Scottish Government is only partially succeeding in its work to achieve the National Performance Framework (NPF) indicators to ''*Reduce Scotland's Carbon Footprint, Reduce Traffic Congestion and Increase the Proportion of Journeys to Work by Public or Active Travel'*.

The National Concessionary Travel Scheme certainly encourages public transport use by the sections of the population that currently qualify. This will indeed reduce carbon emissions and traffic congestion should these concessionary journeys be replacing previous car journeys. However, if the budget for the scheme does not accurately reflect the fair level of operator reimbursement that is arrived at by the concessionary scheme model, which CPT and the Scottish Government are still working to finalise, then the outcomes of the scheme will be the reverse of the government's stated positive aims.

Underfunding the concessions scheme will lead to operators being forced to reduce or cut services or potentially pass the costs of providing the scheme onto fare-paying passengers. Reducing bus services and increasing fares will discourage modal shift to the bus, add to traffic congestion (as previous bus users choose to travel by private car) and decrease journeys to work by bus.

Flat-lining the BSOG budget for another year, despite encouraging the use of LCVs, is counter-intuitive to the aim of reducing Scotland's carbon footprint. The cost of purchasing and operating a LCV is demonstrably greater than a standard vehicle. Operators factor in the current increased BSOG rate for LCVs into their decision as to whether or not to purchase such vehicles. Putting this rate at risk through a flat fixed budget will discourage any operators considering further LCV orders.

CPT is unsure as to the extent to which the Bus Investment Fund meets the Government's NPF indicators. CPT understands the Government will publish a review of the projects that the scheme has funded to date at some point in 2015. Should the Scottish Government take the decision not to continue with the scheme in future years, CPT hopes that the £3.8m budget - which directly equates to a previous cut in the BSOG budget - is returned to that scheme and not lost to the over-arching 'Support for Bus Services' budget altogether.

CPT would like the ICI committee, in its scrutiny of the draft budget, to:

a. Seek assurances that the final budget for the National Concessionary Travel Scheme will accurately reflect the output of the Concessions Model which is currently being finalised.
b. Question whether flat-lining the BSOG budget at £50m for another year cuts across the aims of the Green Bus Fund and the NPF indicator relating to reducing Scotland's carbon footprint.

Confederation of Passenger Transport – Scotland
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