



## Briefing for the Public Petitions Committee

**Petition Number:** [PE1626](#)

**Main Petitioner:** Pat Rafferty on behalf of Unite Scotland

**Subject:** Regulation of bus services

Calling on the Scottish Parliament to urge the Scottish Government to legislate to regulate bus services in Scotland and to carry out an inquiry into the benefits of bringing bus services in Scotland into common ownership.

### Background

In 1984 the UK Government published a White Paper entitled “Buses”, which set out proposals designed to remove restrictions on competition from local and long distance bus services. The White Paper envisaged that competition would lead to lower fares, new services and more passengers, by removing obstacles to enterprise, initiative and efficiency that it identified as being inherent in the existing system of regulation. The White Paper recognised the need for subsidised services to continue on many routes and proposed a system of competitive tendering for these services.

The Transport Act 1985 provided for the deregulation of the bus industry along the lines set out in the White Paper. The Act's main provisions were:

- Anyone seeking to provide a bus service may do so, provided they hold a Public Service Vehicle operators' licence. The licence holder must register routes and times of a proposed service with the relevant Traffic Commissioner, giving 42 days' notice, prior to beginning its operation. An operator must also give the same amount of notice of any intention to vary or withdraw a service. The operator must also give notice to the relevant Scottish local authority 28 days before applying to the traffic commissioner - or Strathclyde Partnership for Transport if the service will run in Strathclyde;
- A local authority could only subsidise socially desirable services not covered by commercial services registered with the Traffic Commissioners. Where a local authority proposes subsidising a socially necessary service it must hold a competitive tendering exercise prior to establishing the service; and
- Bus operations owned by the Regional Councils and Strathclyde Passenger Transport Executive had to be formed into separate

passenger transport companies operating at arm's length from the local authorities/SPT, with a view to privatisation.

The Transport (Scotland) Act 1989 required local authorities to incorporate their municipal bus operations as 'arms-length' companies, although it did not specifically require them to be privatised. The 1989 Act also provided for the disposal of the Government owned Scottish Bus Group (which operated services under subsidiaries such as Eastern Scottish). This was broken up into its 10 constituent companies and sold off, five to MEBOs and five to private companies.

The final piece of legislation affecting the regulation and ownership framework of the Scottish bus industry is the Transport (Scotland) Act 2001, which provided for the establishment of statutory Quality Partnerships and Quality Contracts.

Trends in bus usage, fares and distances travelled are set out in [the bus and coach chapter](#) of Scottish Transport Statistics. These figures show that between 2005 and 2015, Scottish bus fares increased by 13.5% above inflation (RPI) while passenger number fell from 460m to 414m – a fall of 10%.

### **Scottish Government Action**

The Scottish Government has not taken any legislative action on the regulation of bus services since the enactment of the Transport (Scotland) Act 2001. The Scottish Government's [Programme for Scotland 2016-17](#) states:

“As part of our preparation for a Transport Bill later in the Parliament, during 2016-17 we will...work with stakeholders to develop legislative options for improving bus services and securing nationwide multi modal smart ticketing.”

### **Scottish Parliament Action**

The Session 2 Local Government and Transport Committee undertook an inquiry into [Issues Arising from the Transport \(Scotland\) Act 2001](#), which looked at the regulation of bus services. During Session 4, Iain Gray MSP lodged a proposal for a [Bus Regulation \(Scotland\) Bill](#). The Bill was never introduced and the proposal fell on dissolution. During Session 3, Charlie Gordon MSP lodged a proposal for a [Regulation of Bus Services Bill](#). The Bill was never introduced and the proposal fell on dissolution.

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16 December 2016

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