

Agenda Item	6
Report No	RDB/9/19

HIGHLAND COUNCIL

Committee: REDESIGN BOARD

Date: 17th December 2019

Report Title: Public Transport – Implications of the Transport Bill

Report By: Executive Chief Officer – Infrastructure and Environment

1. Purpose/Executive Summary

- 1.1 The purpose of this report is to follow up on the commitment made in March 2018 to conduct feasibility work on the options for enhancing Highland bus services once the details and outcomes of the Transport (Scotland) Act 2019 are known. The report provides an update on progress with the Transport (Scotland) Act 2019, and offers the opportunity for Members of the redesign Board to consider the scope and scale of such a review.

2. Recommendations

- 2.1 Members are asked to:
- i. Agree that the Board commences a review of the options for Highland public bus services; and
 - ii. Agree involvement from Board Members in such a review.

3. Implications

- 3.1 Resource – it is expected that there will be significant resource requirements arising from the outcomes of any review undertaken. However, the review itself will be prepared using internal resources, with an option to request change fund funding for any additional work required.
- 3.2 Legal – there will be significant legal issues arising from the consideration of this reviews and advice will be sought at the appropriate time.
- 3.3 Community (Equality, Poverty and Rural) – all proposals will be assessed for these

impacts as and when the outcomes are being implemented.

- 3.4 Climate Change / Carbon Clever – any of the proposals contained within this review process will have significant implications in terms of transport and carbon reduction targets, and these will have to be considered when being implemented.
- 3.5 Risk – all of the projects will carry an element of financial risk for the Council and these will have to be managed through effective project management and robust business cases being produced.
- 3.6 Gaelic – none.

4. Context

- 4.1 One of the aims of the Transport (Scotland) Bill was to provide local authorities and Regional Transport Partnerships (RTPs) with the flexibility to improve bus services through partnership working with operators or, where there is a good case for doing so, local franchising or running services themselves.
- 4.2 The Bill completed Stage 3 of the Parliamentary process on 10th October 2019, and amendments were passed that enable Local Authorities to run services using vehicles that require a PSV licence, either directly or through an arms-length company. The Bill received Royal Assent on 15th November 2019. The Act can be accessed [here](#).
- 4.3 A commitment was made in March 2018 to conduct feasibility work on the options for enhancing Highland bus services once the details and outcomes of the Transport (Scotland) Act 2019 are known.
- 4.4 Bus services in the Highlands have suffered the same decline in passenger numbers as the rest of Scotland. In the Highlands this can be attributed in particular to several key aspects including cost and reduction in service levels. The cost of travel by public transport in the Highlands is a real barrier to achieving the long term vision for the future.
- 4.5 Problems for public transport in the Highlands include: difficulties with recruitment of drivers; gradual reduction in number of operators; declining Council budgets; changing patterns of demand due to employment patterns, retail locations, internet shopping (and reduced accessibility due to loss of local facilities); poor customer experience; fare levels; limited integration between modes; lack of finance and physical capacity to introduce bus priority measures, especially on existing road network; little opportunity for supporting bus services with the aim of increasing modal shift and reducing congestion/pollution.
- 4.6 A number of local authorities have indicated a desire to run their own buses either directly or via an arm's length company, much like Lothian Buses. Although a few authorities already run a number of bus services of different kinds under a variety of existing provisions, more report that the existing legislation around this issue is unclear and that this inhibits them from pursuing this option. The ability to run a bus service directly is considered to be particularly beneficial in areas where there is a need for the provision of public transport but there are few or no commercial operators running services commercially or submitting tenders for subsidised services. In this respect, the new legislation gives flexibility to local authorities to address particular local needs

where the competitive market is simply not providing the services considered necessary and also provides a broader legal basis for existing authority provided services than the more limited circumstances they presently operate in. It allows local authorities to determine, where there is an unmet need for public transport in their area, to provide services themselves as an alternative to securing them by offering subsidies.

- 4.7 In addition, whilst the proposed new Scottish Transport Act 2019 will permit local authorities to run their own bus operations, there are many regulatory and competition law considerations which will still require to be complied with. The legislation, whilst making it possible for local authorities to run bus services will not vary the overall responsibilities and operational requirements of service registration, operations, maintenance, regulatory and competition compliance - established by the 1985 Transport Act and all subsequent market competition regulations. These remain fully in effect and applicable to all bus operators, irrespective of any public interest or ownership.
- 4.8 There are of course a whole host of other financial, operational and reputational risks that will need further investigation, as any review progresses.

5. Proposed Next Steps

- 5.1 The commitment to carry out a review was agreed through the motion agreed at Council on 8th March 2019, and it is now opportune to progress such a review. The views of Board members are sought on the issues to be covered by such a review and whether any members would wish to take part in this review.

6. Conclusion

- 6.1 This report deals with a key area of change proposed by the new legislation, and there remain a number of unknowns within this context. That said, it is appropriate to start the review process, taking on board the views of internal service experts and external partners to determine the most appropriate means of progressing these issues in Highland.

Designation: Executive Chief Officer – Infrastructure and Environment

Date: 9th December 2019

Author: Malcolm Macleod

Background Papers: