



## Briefing for the Public Petitions Committee

**Petition Number:** [PE1475](#)

**Main Petitioner:** John Nelson

**Subject:** Calls on the Scottish Parliament to urge the Scottish Government to review its policies on the funding of the Bus Service Operators Grant and concessionary bus travel and to consider the re-regulation of the bus industry to ensure that people across Scotland are provided with affordable and reliable local bus services.

### Background

**Bus Service Operators Grant (BSOG):** BSOG is a grant paid to bus operators by Scottish Ministers which is intended to help them reduce fare levels. BSOG Payments are calculated by multiplying the total eligible distance travelled by a payment rate set by Transport Scotland, currently 14.4 pence per kilometre (20 pence per kilometre for buses using 100% biofuel). An additional incentive was introduced during 2010 for operators using low carbon vehicles. The total BSOG budget has been subject to an annual cap, set by Scottish Ministers, since 1 April 2010. Changes to the way BSOG is calculated have been introduced since 2010, removing the previous link between BSOG payments and fuel used.

Prior to 1 April 2010, BSOG was administered across the UK by the Department for Transport. Under the UK-wide system, the payment rate varied with fuel duty and the total budget was demand-led.

**Concessionary travel scheme for elderly and disabled people:** The reimbursement rate for bus operators participating in the concessionary travel scheme for elderly and disabled people has been set at the following percentages of the average full adult fare:

- 73.6% between 1 April 2006 to 31 March 2010
- 67% between 1 April 2010 and 31 March 2013
- 60% between 1 April 2013 and 31 March 2014
- 58.1% between 1 April 2014 and 31 March 2015

The reimbursement rate is set below the full adult fare as it is only meant to ensure that a bus operator is no better or worse off for carrying a concessionary passenger than if that passenger had not travelled. The level of the reimbursement rate is agreed through negotiation between Transport Scotland and the Confederation of Passenger Transport Scotland, representing the bus industry.

The total amount payable to bus operators under the scheme has been subject to an annual cap since financial year 2010/11. The value of each annual cap is set out in the table below:

Year	Cap (cash value)	Cap (2012/13 prices) <sup>1</sup>
2010/11	£174,200,000	£182,364,596
2011/12	£180,000,000	£184,500,000
2012/13	£187,000,000	£187,000,000
2013/14	£187,000,000	£184,232,026
2014/15	£192,000,000	£185,450,433

Once the annual cap is reached Transport Scotland make no further payments to bus operators for carrying concessionary passengers. Again, the level of the cap is agreed following negotiations between Transport Scotland and the Confederation of Passenger Transport.

**Regulation of bus services:** The Scottish Government is responsible for legislation governing the regulation of bus service provision, e.g. through bus quality partnerships and contracts under the Transport (Scotland) Act 2001. Generally, bus services are regulated under the Transport Act 1985, as amended, which pre-dates the establishment of the Scottish Parliament. It is important to note that many aspects of the regulation of bus and coach services, including matters such as health and safety, vehicle design, driver working conditions and vehicle inspection are reserved to the UK Government.

In practice, Scotland's local bus and inter-city coach services are provided by private sector operators, with the exception of Lothian Buses which is local authority owned. Services are provided on a purely commercial basis, unless a local authority wishes to offer a subsidy for the operation of a socially necessary service which cannot be provided on a commercial basis.

### Scottish Government Action

The Scottish Government revised the terms of the BSOG scheme, changing the basis of payments from fuel used to distance travelled, from 1 April 2012.

The Scottish Government conducted a [Review of the Scotland Wide Free Bus Travel Scheme for Older and Disabled People](#), which reported in March 2009 and suggested minor changes to eligibility for the scheme. A new two-year agreement between Transport Scotland and the Confederation of Passenger Transport Scotland, setting the reimbursement rate and annual budget cap for the scheme, began on 1 April 2013.

The Scottish Government has not introduced legislation relating to the regulation of bus services.

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<sup>1</sup> Real terms figures have been calculated using HM Treasury GDP deflators published on 21 December 2012

## Scottish Parliament Action

The Infrastructure and Capital Investment Committee, and the previous Transport, Infrastructure and Climate Change Committee, has questioned Scottish Ministers and Transport Scotland officials on the national concessionary fares scheme for elderly and disabled people and BSOG during its annual scrutiny of the draft Scottish budget and during annual ministerial updates on transport matters.

A Labour Party led [debate on Bus Services](#) was held on 19 April 2012.

Charlie Gordon MSP lodged a proposal for a Members' Bill, the [Regulation of Bus Services Bill](#), 1 December 2009. The proposal did not gather sufficient support and fell on 6 January 2010.

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