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Dear Edward,

Thank you for the invitation to provide views on a vitally important area of work for local authorities across Scotland. We welcome the interest of the Committee on an issue which is crucial to the ongoing work of Local Government to meet our shared ambitions of a just transition to net zero by 2045.

Transport remains the largest source of carbon emissions in Scotland, with car use continuing to contribute the largest share of this, far outstripping that provided by rail, bus, and coach. As a result, increasing access to, and provision of, alternative modes of transport is crucial to meeting our joint climate targets. Public transport, and particularly bus use, is a key part of this ongoing work.

Local Government plays a crucial role in the design, development, and implementation of bus services. In 2019, COSLA welcomed the introduction of the powers contained in the Transport (Scotland) Act. The contents of the Act built upon, and simplified, existing Quality Contract and Quality Franchising powers and was widely regarded as a step forward in providing local authorities with the ability to improve bus services, and thereby increase bus patronage, across our communities.

However, at the same time, COSLA also noted that the Act may not go far enough, lacking the radical ambition required to transform bus services and tackle the various factors which have resulted in a historic decline in bus patronage. [COSLA's submission](#) to the Scottish Parliament's Rural Economy and Connectivity Committee call for evidence advised of the potential that the Act could represent a missed opportunity for the greater empowerment of local authorities in the ability to deliver bus services in communities. The submission noted that the potential use of the powers contained in the Act, in particular on those related to improving bus service provision, may be constrained by a lack of additional resources and that additional capital and revenue funding would be necessary to maximise the success of the powers in the Act.

Moving forward to 2024, Local Government welcomes the ongoing joint work being conducted in partnership with the Scottish Government across a range of transport issues. Although I am unable to comment on the situation in individual local authorities,

on a national level for Local Government there are a number of barriers which may prevent the implementation of powers contained in the 2019 Act.

A primary obstacle for local authorities wishing to implement powers relating to Bus Service Improvement Partnerships (BSIPs) and Local Franchising remains the lack of much-needed resources. Bus services are expensive, with high levels of both capital and revenue expenditure needed to support local bus services, market and promote services and networks, maintain and improve infrastructure, purchase and maintain vehicles, and to meet increasing workforce costs, which in turn are passed on to local authorities through increased tender prices.

A recent example from one local authority who re-tendered for a bus service in partnership with neighbouring authorities highlights that the cost of an inter-urban bus service between a rural and urban area has increased by over 86% from the previous tendering exercise in 2018. This level of increase is unsustainable and is resulting in vital bus services being curtailed or even withdrawn as local authorities struggle to maintain budgets.

These costs may be exacerbated through the use of powers in the 2019 Act. Through a BSIP, a local transport authority has the power to set a number of standards that local services must follow relating to route and operation. However, as a partnership, this requires the approval of a majority of operators conducted via a vote, prior to a full public consultation. In securing this agreement, operators may themselves request changes to existing local authority practices – for example, requesting increased spending on bus infrastructure.

At the same time, Local Government is facing unprecedented financial pressures. In 2024/25, the Local Government Settlement amounted to an effective 'flat cash' revenue settlement, with additional funding allocated to new policy commitments, funding for pay deals, or funding for a council tax freeze. This occurred alongside a £54 million cut to Local Government capital. As a result, the [Accounts Commission](#) reports that Local Government faces a funding gap of £585 million in 2024/25, rising to a cumulative funding gap of £780 million by 2026/27.

Local authorities have a statutory duty to balance budgets. Tough decisions are therefore required across local authorities to maintain key services and meet statutory requirements. It is inevitable that in meeting these requirements, reductions to local budgets will fall in key places. For instance, as further outlined by the Accounts Commission, between 2010/11 and 2022/23, Local Government spending on roads fell by 9.2% in real terms. As such, though powers relating to BSIPs and Local Service Franchising may be attractive avenues for local authorities to improve bus service provision, standards, and patronage, the uptake of these powers across Local Government will undoubtedly be hampered by the unprecedented broader financial context.

However, resources are not the only barrier to the use of these powers. Even with the availability of much-needed additional resources, the powers contained in the 2019 Act will not be relevant to all local authorities. As previously stated by COSLA submissions to the Act's call for evidence, there is no single fix to improve local bus services in Scotland. Local Service Franchising, for instance, though a welcome inclusion in the 2019 Act, will offer greater appeal to more urban local authorities. Greater numbers of

shorter and busier routes in urban and semi-urban local authorities, and the subsequent reduction in the number of less commercially viable routes (as is often found in more rural and remote local authority areas containing longer and less busy routes), increases the attractiveness of franchising to these local authorities.

The introduction of Local Service Franchising as contained in the 2019 Act is a welcome step forward in the powers available to Local Government. It is crucial that those local authorities who do wish to pursue Franchising are supported through the availability of additional resources, while those local authorities who do not opt for Franchising have other more relevant powers available to them which are more appropriate to specific geographic constraints.

However, the 2019 Act is only one element of what needs to be a broader strategy to improve bus service provision and patronage across Scotland. In particular, Local Government needs greater certainty on the status of *existing* funding. We are still waiting for confirmation regarding the continuation of funding for the Bus Partnership Fund and Community Bus Fund. These funds are vital to the ongoing work of local authorities, improving bus provision in areas of rural deprivation, increasing bus patronage figures more generally, and reducing reliance on private car use in the process. As such, though it is crucial that local authorities now have the ability to implement powers in the 2019 Act, we cannot lose sight of the fact that pauses to existing funding for local authorities may work to undermine any positive steps taken as a result of the 2019 Act.

COSLA continues to welcome the availability of powers contained in the 2019 Act. However, it is crucial that Local Government is provided with the further support necessary to fully implement these powers. What's more, it is equally important that we do not treat BSIPs and Local Service Franchising as silver bullets to improve bus service provision and patronage. As stated above, it is crucial that powers are made available which are relevant to all of our local authorities – from our remote and rural communities to our larger urban centres. As such, though additional resources are undoubtedly required to improve the provision, frequency, and reliability of bus services, this will not be the exclusive reason for a potential lack of implementation on behalf of local authorities.

Yours Sincerely,

Councillor Gail Macgregor  
COSLA Economy and Environment Spokesperson