social research

TRANSPORT SCOTLAND
CÒMHDHAIL ALBA

THE COSTS AND CHALLENGES OF CHANGING THE SPECIFICATIONS FOR SCHOOL TRANSPORT IN SCOTLAND

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1. SUMMARY

Scottish pupils living over a maximum walking distance threshold are entitled to free or supported travel from their local education authority. In 2012/13 this is estimated to apply to 120,000 pupils, at a cost of £126 million per annum. During home to school journeys pupils are under the charge of the authority. This places a significant onus on Central Government, from a policy perspective, and Local Government, from a delivery perspective, to ensure pupils' safety and welfare.

This study established a baseline picture of the home to school transport industry in Scotland, and, using this is a pivot for forecasts, developed a modelling tool to estimate the demand and costs associated with future provision. In particular, this enabled the impact of a number of potential policy interventions to be assessed, including stipulations on seatbelts, CCTV, vehicle emissions, Wi-Fi, provision of warning signs and hazard lights, driver training and qualifications, and monitors on board services. To support this functionality, the model is also sensitive to key background trends, including demographics, home to school mode shares, and bus industry costs.

Statutory school transport is provided in a variety of forms by a host of different operators and suppliers. It is estimated that in total, on an average day, there are approximately 8,000 vehicles involved in transporting eligible pupils to schools, which includes 800 to 1,000 general service buses, 2,550 each of taxis/private hire vehicles and ASN vehicles, and 250 'other' vehicles. Whilst the major public transport groups provide a significant proportion of home to school travel using conventional buses, there are a host of small to medium enterprises involved in provision, estimated at between 200 and 250 suppliers.

The average age of the school transport fleet varies substantially, with double decker coaches and vehicles the oldest at an average of 10 to 14 years, and minibuses the youngest at 4 to 7 years. In part, this reflects the fact that double decker vehicles tend to be ex-general service, whereas minibuses are purchased for the explicit purpose of providing school transport, often with the need to comply with legislation such as the Disability Discrimination Act (DDA).

A number of local authorities include additional stipulations with operators. These vary between local authorities, and between contracts within a local authority, and already include:

- specific vehicles must be used, e.g. single deck, potentially with add-ons such as seatbelts;
- vehicles can be drawn from the general fleet, but must have seatbelts;
- wheelchair accessible vehicles to be provided where necessary;
- monitors to be provided on double deck vehicles;
- CCTV on vehicles carrying more than 16 pupils; and
- minimum, and in a much smaller number of cases maximum, number of seats.

All else being equal, some of these stipulations are expected to have resulted in an increase in contract costs, although much of the effect is dissipated over time as operators wishing to tender for a contract are aware of the likely stipulations. Costs per pupil per day vary significantly between regions, and are a reflection of the stipulations and the market. Particularly strong factors are the levels of competition and whether contracts are awarded solely on price. Pressures on local authority budgets mean that the occurrence of the latter has increased, potentially penalising operators who invest in a higher quality fleet and resulting in pupils being transported on older vehicles.

Contract lengths have a strong level of interaction with levels of competition. Authorities have taken different approaches, with shorter contracts of 3 to 4 years favoured where competition is healthy. Some authorities also 'package' tendered services, including both different dedicated school routes and multiple tendered services in a given area, most commonly in Strathclyde and the South West.

Future changes in policy

It is clear from the data collection, consultation exercise, and the developed forecasting model, that future industry costs could vary markedly depending how any potential changes in policy are implemented. If there is only a short timeframe from the legislation to the date of implementation then contracts may have to be broken and it is likely that a greater proportion of the cost would be passed through to authorities. Similarly, where levels of competition for contracts are less, we also expect a more significant increase in costs, and there is a risk that some stipulations could drive operators out of the market. Finally, the coverage of the change will be an important determinant in future costs. Stipulating the change for selected schools, types of service and/or regions, reduces the cost to Government.

2. INTRODUCTION

Statutory Home to School Transport Services

2.1 The safety and welfare of pupils when travelling to and from school is a paramount concern for education policy makers and authorities, and can be a highly emotive subject for parents, guardians, families and local communities where there are real or perceived risks in undertaking such journeys. This is reflected in legislation which entitles pupils who live over maximum walking distance thresholds to free or supported travel from their education authority. During such journeys, pupils are under the charge of the authority.

2.2 With approximately 120,000 pupils carried on statutory school transport services every day, there is a significant financial outlay on the part of education authorities. In 2012/13, this was estimated at £126 million.

2.3 It therefore falls on Central Government, from a policy perspective, and Local Government, from a delivery perspective, to ensure that value for money in school transport is achieved and that potential improvements are identified and, wherever possible and practicable, implemented.

Research Into Statutory Home to School Transport Provision

2.4 In order to understand how any proposed changes to school transport policy might affect future provision, Transport Scotland required a baseline picture of the current market and industry coupled with a flexible forecasting model which captured, as far as practically possible, the full spectrum of factors which might influence future costs. To achieve this, a three-stage methodology for this research was adopted, comprising:

- a data collection exercise with local authorities and operators on the demand for, and supply of, school transport;
- a qualitative phase to understand issues and challenges associated with school transport provision in greater depth, and to translate these into tangible factors for the forecasting model where they are liable to have a significant effect on demand or supply; and
- design and build of a demand and cost forecasting model.

Scottish School Transport Specifications Costing Model

2.5 The focus of the model was to test a range of potential stipulations on school transport contracts, including attributes such as:

- seatbelts, including variations between three-point and lap belts;
- Wi-Fi;
- CCTV;
- reduced local emissions from public service vehicles, captured through distinctions in the type and age of their engines;
- accessibility of the vehicles;
- provision of warning signs and the use of hazard lights to alert other road users to pupils boarding and alighting services;
- minimum stipulations on driver training, age, experience, dedicated drivers to each service; and
- provision of monitors on-board services.

2.6 In addition to the above, it is also sensitive to:

- trends in primary, secondary and Additional Support Needs (ASN) pupils;
- participation in state schools and changes in eligibility for statutory transport (capturing changes in the size and location of schools);
- operators' fleet renewal rates;
- bus industry costs;
- long term mode share trends for travel to school;
- levels of competition for contracts;
- whether any change in stipulations is immediate or phased over time in line with contract renewal; and
- operator responses to changes in stipulations on contracts.

2.7 In order to capture spatial variation in current provision and future demand and costs, the model was grouped into five regions, based around the Regional Transport Partnership (RTP) areas, and from that tier, schools were split into urban and rural establishments. User inputs were allowed to vary, as appropriate for the data or policy lever in question, by geography and/or school type.

2.8 Further detail on the data and methodology which underpin the model is provided in Chapter 6, and an accompanying *Model Specification Report* and *User Manual*.

This Report

2.9 After this initial introductory Chapter, this Report continues with:

- Chapter 3 – context for current statutory school transport provision in Scotland
- Chapter 4 – findings from surveys of local authorities and operators on current provision
- Chapter 5 – a qualitative, in-depth, exploration of the challenges and issues facing statutory school transport provision through interviews with local authority officers, operators and attendance at the Association of Transport Coordinating Officers (ATCO) Education Sub-Committee meeting
- Chapter 6 – an overview of the demand and cost forecasting model

3. THE CONTEXT FOR STATUTORY SCHOOL TRANSPORT IN SCOTLAND

Background to Statutory School Transport Provision

3.1 Education authorities in Scotland are under a statutory requirement to provide home to school transport arrangements *that they consider necessary* for:

- children aged less than 8 years old who live more than two miles from their designated school; and
- children aged 8 and over who live more than three miles from their designated school.

3.2 These distances are measured by their nearest available route, and the entitlement covers both pupils residing within their area, and those from outside who attend schools in their area. Education authorities have a number of options for provision open to them, including:

- dedicated, free, home to school transport for some or all of the journey;
- making bicycles or other suitable means of transport available to pupils; and
- paying some or all of their travel costs for travel on scheduled public transport or in taxis.

3.3 In the vast majority of cases, the former and the latter options dominate provision, with the percentage mix highly dependent on the density and coverage of scheduled public transport services. When travelling to/from school on transport arranged by education authorities, pupils are under the charge of the authority. As a result, there is a political imperative to ensure that high standards of safety and security are achieved. This led to the 2010 Transport Scotland publication '*A Guide to improving School Transport Safety*'. This document included a range of potential stipulations for school transport contracts, including:

- provision of larger and more conspicuous school bus signs, and their removal when not transporting pupils to/from school;
- use of hazard warning lights when pupils are boarding and alighting vehicles;
- the fitting of three-point seatbelts;
- operators assisting authorities in ensuring all pupils wear the provided seatbelts;
- CCTV fitted on all school buses;
- minimums on level of bus driving experience, age requirement, driver training; and
- introduction of penalty point systems for non-compliance by operators, and the option of contract termination for repeated non-compliance.

3.4 The demand for home to school transport does not stand in a silo, and is heavily influenced by demographic trends, wider education policy, and parental choices around residential location, car ownership, and school choice. In particular:

- the number of pupils attending primary school is expected to grow much more rapidly than the number attending secondary schools in the near to medium term future, with the absolute number of secondary school pupils falling until 2017, and not recovering to 2012/13 levels until 2019/20;
- changes in the number of pupils with Additional Support Needs (ASN), who may require more bespoke travel solutions;
- changes in the number of schools, their location and size; and
- changes in the demand for home to school transport from parents.

3.5 Similarly, the ability of operators, and more importantly, a range of operators to supply school transport services, is dependent upon a wider set of influences:

- industry costs – particularly fuel, labour, insurance and the capital and revenue cost of any upgrades to vehicles;
- access issues – are there suitable depots or locations from which contracts can be resourced;
- wider Governmental policy in the bus industry – some operators and/or their services may only be viable as part of a wider network or package of services;
- the length of school transport contracts – longer contracts provide stability, but can also prevent new entrants to the market and/or encourage existing operators to withdraw; and
- stipulations on school transport contracts, and the lead-in time from these to when they have to be implemented.

Current Demand for Home to School Travel

3.6 As of academic year 2012/13, there were approximately:

- 670,000 primary, secondary and ASN pupils in Scotland;
- of these, 45% attend schools in the Strathclyde and South West region, and 28% in the South East region;
- 8 to 9% attend schools in each of Tayside and Central Scotland, North East Scotland and the Highlands and Islands; and
- 1,961 primary, 323 secondary, 111 ASN and 201 ‘Combined’ schools across the country.

3.7 Of these pupils, approximately 120,000 were eligible for, and used, statutory school transport provision. Figure 3.1 shows the type of transport provided by education authorities for these pupils. The proportion of pupils making use of statutory transport varied markedly by region, area and school type – those living in less dense regions, in rural areas, and attending secondary schools typically had the highest proportions, whereas those pupils in urban areas, in denser regions, and attending primary schools had lower proportions.

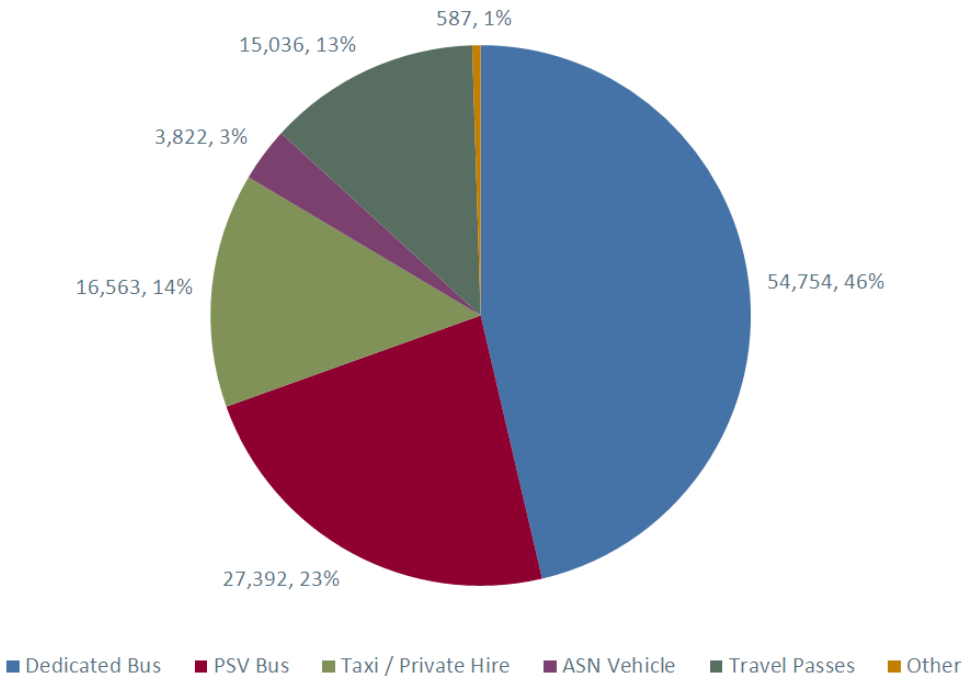

Figure 3.1: Statutory School Pupils by Type of Provision

3.8 Table 3.1 shows the estimated financial outlay by region on statutory school transport contracts.

Table 3.1: Estimated 2012/13 Statutory School Transport Expenditure by Region

REGION	2012/13 STATUTORY SCHOOL TRANSPORT EXPENDITURE (£MS)
Highlands and Islands	18,800
North East	14,700
South East	38,000
Strathclyde and South West	41,300
Tayside and Central Scotland	13,200
TOTAL	**126,000**

Current Home to School Transport Provision

3.9 As illustrated in Figure 3.1, statutory school transport is provided in a variety of forms by a host of different operators and suppliers. A nationwide survey of authorities was undertaken in order to build up a baseline picture of the current fleet, and whether vehicles were fitted with various attributes which may be covered in future stipulations.

3.10 The survey data indicates a fleet of approximately 2,100 dedicated buses are involved in providing home to school transport each day in Scotland, exclusive

of the use of general service buses, taxis, and ASN vehicles. It is estimated that in total, on an average day, there are approximately 8,000 vehicles involved in transporting eligible pupils to schools, which includes 800 to 1,000 general service buses, 2,550 each of taxis/private hire vehicles and ASN vehicles, and 250 'other' vehicles.

3.11 Figure 3.2 shows the breakdown of vehicle types deployed on dedicated services. The average age of the vehicles varies substantially across the fleet; double deck buses and coaches tend to be the oldest at around 10 to 14 years, and minibuses the youngest at 4 to 7 years. This reflects the fact that double decker vehicles tend to be buses and coaches which are ex-general service or still used for other scheduled services at other times of the day. By contrast, mini-buses tend to be purchased for the explicit purpose of providing school transport and other similar services, and are reflective of the need to comply with legislation such as the Disability Discrimination Act (DDA).

3.12 As a whole, the average age of vehicles in the school transport fleet ranges between 6 and 9 years old across regions and area types (urban and rural). However, although the older buses tend to be in the more rural areas, they are more likely to have a number of attributes which could be stipulated on school transport contracts, including seatbelts, CCTV and hazard lights, primarily as the vehicles are less likely to be used as part of the general service fleet.

3.13 These vehicles are owned and operated by a plethora of school transport suppliers; across Scotland there are approximately 200 to 250 companies provided contracted services. This number includes different subsidiaries of the main public transport groups, but indicates a large presence from small to medium sized operators in the school transport market.

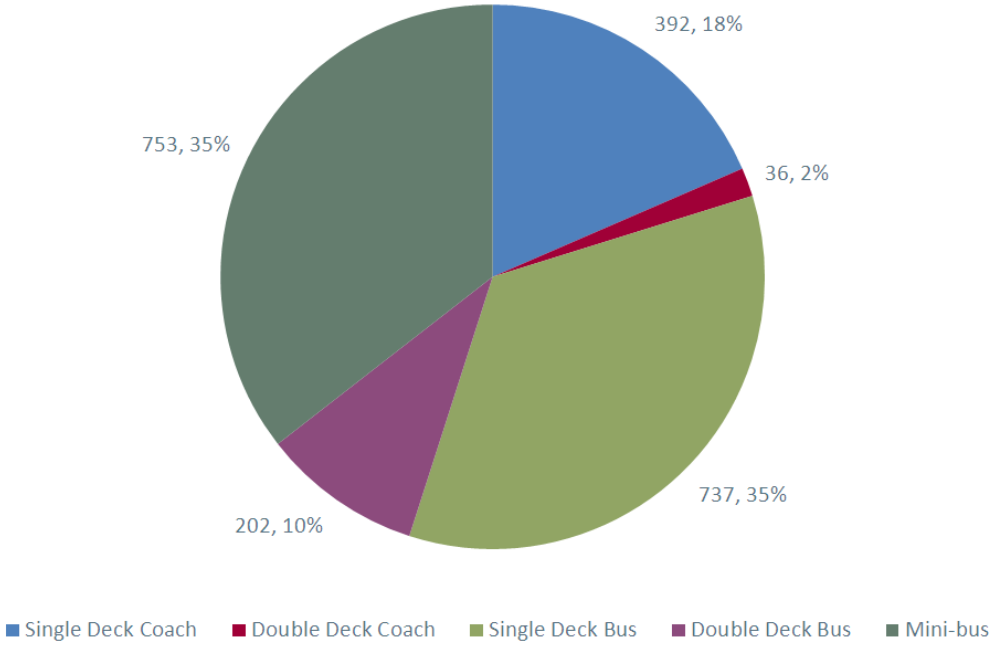

Figure 3.2: Dedicated Statutory School Transport Provision by Vehicle Type

Current Industry Costs

3.14 Figure 3.3 shows real term changes in the key drivers of Scottish bus industry costs. Since the economic downturn of 2008/9 there has been a focus on keeping overhead and capital (including fleet renewal and enhancements amongst other items) costs down, partly as a result of significant increases in fuel costs. Real term labour costs have remained relatively static, but maintenance costs have risen sharply. The overall trend from 2007 to 2012 has been a 5% increase in day-to-day operational expenditure (excluding capital), mainly driven by fuel costs which continue approximately 15% of operating costs. Labour costs are the most significant component of operational expenditure at approximately 60%.

Figure 3.3: Indexed Trends in Scottish Bus Industry Costs (2007=100)

Other Challenges Facing the School Transport Industry

3.15 Any stipulations which may be introduced for statutory school transport services sit within a wider range of influences and factors which will also affect the type and cost of provision. These include:

- complexities associated with stipulating both specification and length of contracts against ensuring that a competitive tending environment is maintained;
- meeting the requirements of ASN pupils is particularly challenging and can be a constantly changing dynamic;
- the importance of the relationship with education colleagues was highlighted in terms of managing issues relating to school transport particularly in terms of pupil behaviour;
- current legislation may not include the potential withdrawal of statutory transport if a pupil does not comply with certain requirements, e.g. wearing of seatbelts, appropriate behaviour - authorities have received varying legal advice regarding this;
- there are some challenges surrounding yellow buses and their use outwith school contracts, where the general public think they are school buses only. In addition the specific layout etc. of some yellow buses could prohibit more general use;

- there could be an argument for issuing travel passes or using PSV services for school transport in favour of dedicated buses to engender greater use of public transport generally and later in life;

- ensuring seatbelts, when provided, are worn is a contentious and difficult issue for operators and authorities; and

- pupil behaviour on-board services remains an issue, but there is an emerging consensus on what initiatives are effective in tackling the problems.

4. UNDERSTANDING CURRENT STATUTORY PROVISION ACROSS SCOTLAND

Online Survey of Authorities and Operators

4.1 An online survey was distributed electronically to all 32 local authorities in Scotland, who in turn were asked to provide contact details of the bus operators with school transport contracts. In total, responses were received from 26 local authorities, 34 bus operators and an SPT response representing 11 local authorities, a number of whom had also replied directly. The combined responses provided data for a total of 29 [out of 32] local authorities. Appendix A contains a Microsoft Word version of the online survey, which was made generic across operators and authorities.

4.2 The values presented within this chapter are drawn from the survey, and may not necessarily match the corresponding values in the model base year (see Chapter 6) due to the response rates for different questions.

Profile of Schools and Pupils' Travel Needs by Region

4.3 Table 4.1 shows the total number of schools in each region, and those requiring statutory transport provision. Each area of Scotland requires significant levels of statutory school transport, with lower density areas of the Highland and Islands and North East Scotland requiring the highest levels of service, 82% and 81% respectively. Proportions drop across higher density areas of Scotland – Strathclyde and South West 69% and South East Scotland 54%.

Table 4.1: Total Schools and Schools Requiring Statutory Transport by Region

REGION	SCHOOLS	TOTAL NO. SCHOOLS REQUIRING STATUTORY SCHOOL TRANSPORT	% OF SCHOOLS REQUIRING STATUTORY SCHOOL TRANSPORT
Highlands and Islands	406	384	82%
North East	239	193	81%
South East	513	343	54%
Strathclyde and South West	823	731	69%
Tayside and Central	260	203	78%
TOTAL	**2241**	**1702**	**69%**

4.4 Across the 26 authorities who responded on how entitlement to statutory school transport is determined, the majority (18) require parents to make a request and for an eligibility assessment to be undertaken. Four authorities

proactively informed parents of their child's eligibility, whilst the remaining four used a mixture of both parents and authorities leading the process.

4.5 Eligibility criteria are not uniform across Scotland, but all are based on a combination of age and distance. Variants include:

- using the primary/secondary school distinction to determine eligibility instead of the eight years age threshold;
- lower thresholds of 1 mile maximum walking distance for primary school pupils, and two miles for secondary school pupils; and
- lower thresholds of 1 mile maximum walking distance for those aged 8 and under, and two miles for those aged 8 and over.

4.6 In addition to those pupils deemed eligible for statutory travel, the majority of authorities open up school transport services to non-eligible pupils, termed 'privilege' pupils. Table 4.2 shows that authorities are split roughly 50:50 between those who charge a fare, and those who permit free travel for such pupils. A number of local authorities provided further details on the system they operate, West Lothian for example provides a combination of both, with some pupils paying a fare while others travel on a grace and favour basis. Shetland Council operates a system that pupils not eligible for school transport can apply to the Schools Service to access a vacant seat on an existing transport. If granted there is no fare levied. It should be noted that this arrangement may be revoked at any time should additional eligible pupils require these seats.

Table 4.2: Carriage of Privilege Pupils on Statutory School Transport Services by Region

REGION	YES, WITH FARE LEVIED	YES, WITH NO FARE LEVIED	NO	OTHER
Highlands and Islands	0	2	0	2
North East	1	1	0	0
South East	3	2	0	2
Strathclyde and South West	3	5	1	0
Tayside and Central	2	1	1	0
TOTAL	**9**	**11**	**2**	**4**

4.7 Authorities were asked both how many pupils were deemed eligible for statutory school transport, and how many actually availed themselves of the services. The two numbers, when provided on a consistent basis, exhibited a high degree of correlation - a reflection of the fact that parents have to request provision for the majority of authorities. Table 4.3 provides a summary of the total number of pupils by establishment who avail themselves of statutory school transport provision, for 29 [out of 32] authorities.

Table 4.3: Carriage of Privilege Pupils on Statutory School Transport Services by Region

REGION	SCHOOL TYPE	STATUTIORY REQUIREMENT PUPILS	PRIVILEGE PUPILS – FREE	PRIVILEGE PUPILS – FARE PAID
Highlands and Islands	Primary	1,553	7	60
	Secondary	4,039	0	0
	ASN	189	0	0
	Combined	630	0	0
North East	Primary	1,887	0	1,095
	Secondary	6,662	0	738
	ASN	932	0	0
	Combined	0	0	0
South East	Primary	4,989	189	1,028
	Secondary	20,864	386	2,550
	ASN	2,535	5	0
	Combined	323	0	12
Strathclyde and South West	Primary	13,503	985	47
	Secondary	26,311	533	52
	ASN	3,439	0	0
	Combined	653	88	0
Tayside and Central Scotland	Primary	2,091	69	94
	Secondary	6,665	115	23
	ASN	1,054	0	0
	Combined	0	0	0
TOTAL	Primary	**24,023**	**1,250**	**2,324**
	Secondary	**64,541**	**1,034**	**3,363**
	ASN	**8,149**	**5**	**0**
	Combined	**1,606**	**88**	**12**

4.8 Figures 4.1 to 4.3 show the type of statutory school transport service provided across all pupils using the services for primary, secondary and ASN schools respectively.

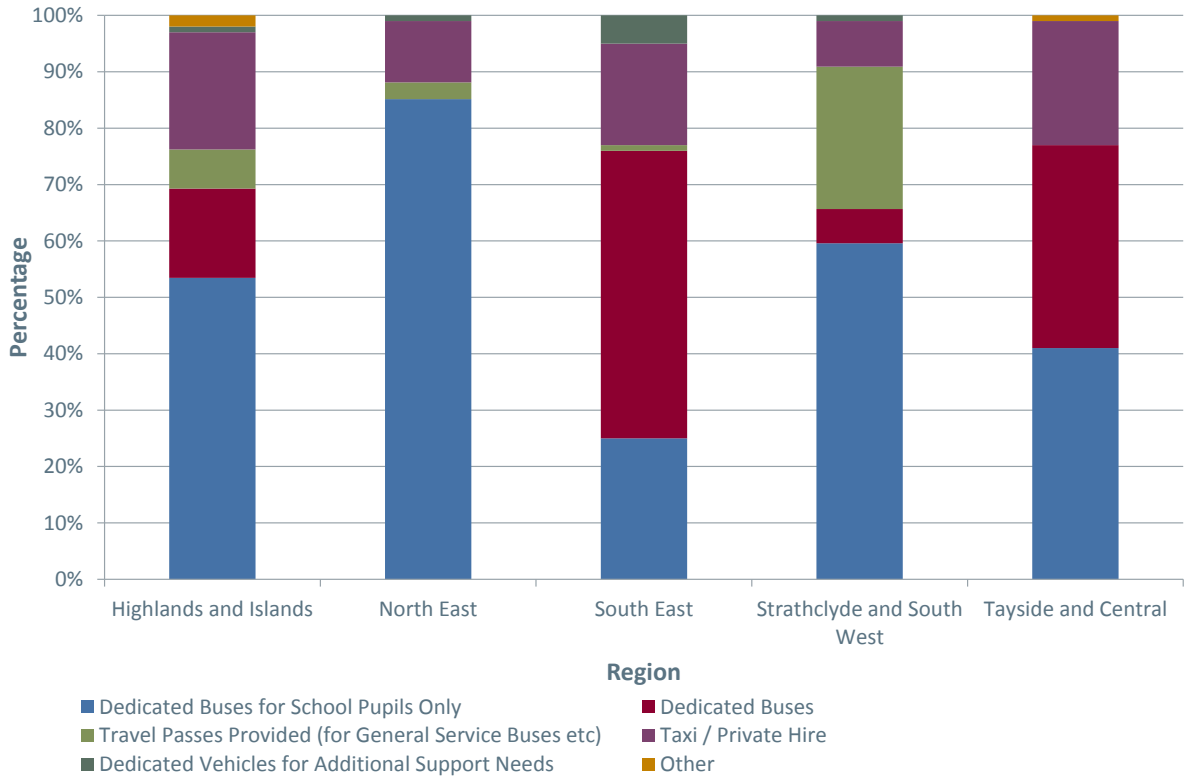

Figure 4.1: Type of Statutory School Transport Provision for Primary Pupils by Region

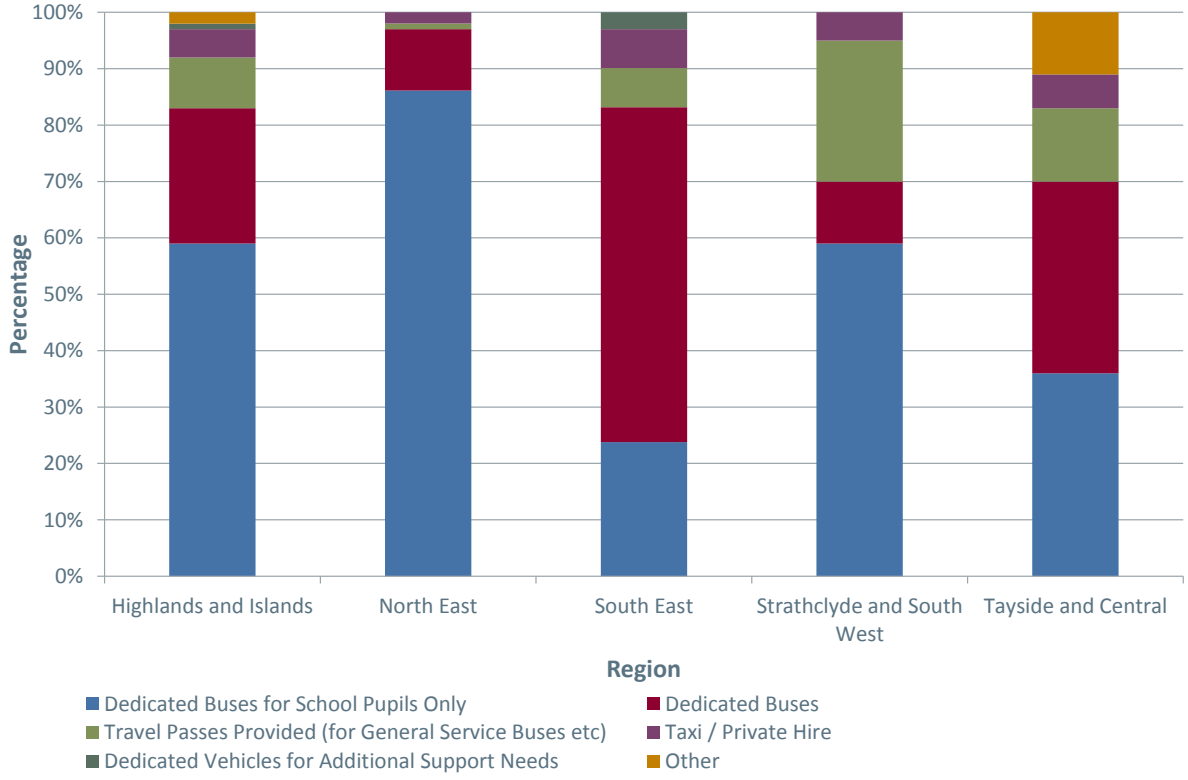

Figure 4.2: Type of Statutory School Transport Provision for Secondary Pupils by Region

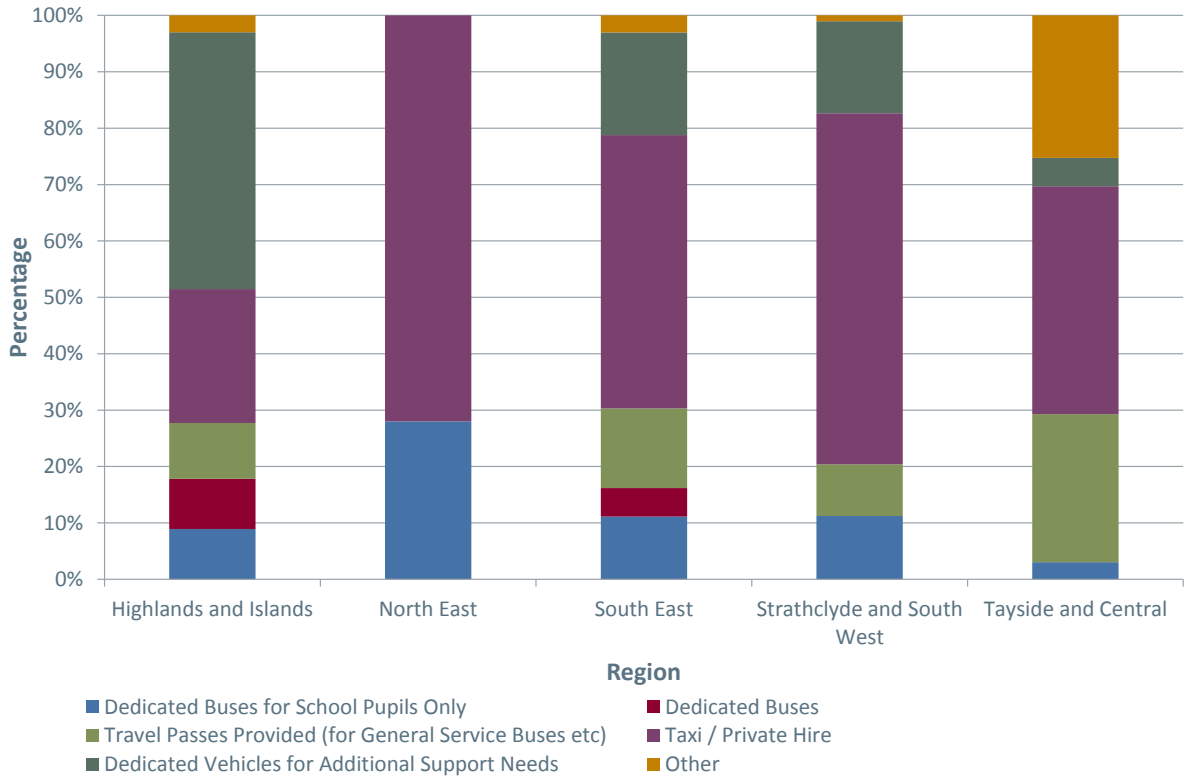

Figure 4.3: Type of Statutory School Transport Provision for ASN Pupils by Region

School Transport Contracts and Stipulations

Type of Contracts

4.9 Table 4.4 shows the minimum, maximum and average length of school transport contracts by region. The results indicate that nearly all existing contracts, barring a small number of recently awarded seven year contracts, are likely to have expired by 2017/18. From consultation with authorities, the choice of contract length is a trade-off between providing a degree of stability to operators, pupils and schools, and ensuring that competition is maintained.

Table 4.4: Minimum, Maximum and Average Length of School Transport Contract by Region

REGION	MINIMUM	MAXIMUM	AVERAGE
Highlands and Islands	3	5	4
North East	4	5	5
South East	3	7	5
Strathclyde and South West	2	5	3
Tayside and Central	3	4	3

TOTAL	**2**	**7**	**4**

4.10 Table 4.5 details the estimated average contract value per pupil per day of travel. Contract values are particularly high in the North East of Scotland, this could be due to the rural nature of the area and distances required to transport pupils. Contract values are greatly reduced in the more densely populated areas of Scotland. It should be noted that these areas will have a larger proportion of operators, as some contracts are currently awarded on price, competition may be partly responsible for driving down contract values.

Table 4.5: Minimum, Maximum and Average Cost of Statutory School Transport per Pupil per Day by Region

REGION	MINIMUM	MAXIMUM	AVERAGE
Highlands and Islands	3.0	7.0	4.1
North East	8.1	10.0	8.2
South East	2.0	7.0	4.0
Strathclyde and South West	2.0	6.0	3.6
Tayside and Central	5.0	7.0	6.0
TOTAL	**2.0**	**10.0**	**4.8**

4.11 An important consideration when attempting to determine the cost implications of a change in stipulations is the 'bundling' or 'packaging' of contracts on the part of authorities to try and gain economies of scale and efficiency savings. Given the nature of school transport provision, this could be the packaging of different dedicated school routes or the combination of multiple tendered services in a given area. Across 26 responding local authorities:

- three authorities issue packages on all their contracts;
- 10 authorities do this for selected services; and
- 13 only tender for individual services.

4.12 Contract packaging is most common within the Strathclyde and South West area, with the Strathclyde Partnership for Transport (SPT) managing contracts for all local authorities in this area except Dumfries and Galloway.

4.13 Figure 4.4 shows the extent to which school transport vehicles are deployed on other services throughout the day. The majority of other uses relate to other education-related travel or for commercial private hire. A small number of 'other' responses were received for this question. East Lothian use vehicles for charitable hires and support of the local community, whilst East Dunbartonshire, Aberdeenshire and Midlothian sometimes use vehicles for other Local Authority purposes.

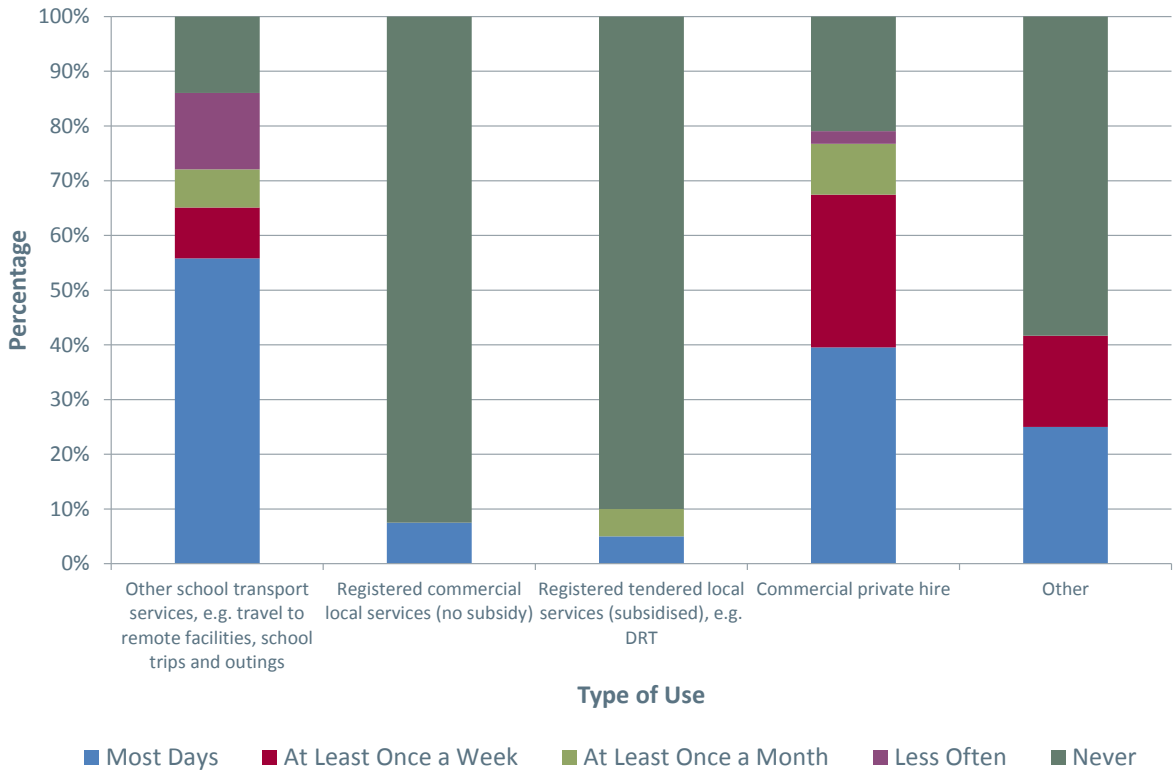

Figure 4.4: Use of School Transport Vehicles for Other Purposes

Stipulations

4.14 Education authorities already deploy a number of different stipulations on contracts – some on all contracts for a given school type, and some only on selected contracts. These are diverse across authorities and include:

- specific vehicles must be used, e.g. single deck, potentially with add-ons such as seatbelts must be provided;
- vehicles can be drawn from the general fleet, but must have seatbelts;
- wheelchair accessible vehicles to be provided where necessary;
- monitors to be provided on double deck vehicles;
- CCTV on vehicles carrying more than 16 pupils; and
- minimum, and in a much smaller number of cases maximum, number of seats

4.15 Figures 4.5 and 4.6 provides a breakdown of the existing provision for stipulations to be tested in the demand and cost forecasting model. It can be seen that:

- minimum number of seats is commonly stipulated, and, related to this, specific vehicle type stipulation is also relatively commonplace;
- only a few authorities stipulate a maximum age of the vehicle to be used, and even fewer place a stipulation on the emissions standards/engine type;
- seatbelt stipulation is already relatively widespread, and this is a mixture of lap and three point provision, sometimes linked to the type of vehicle deployed; and
- low-floor accessibility is stipulated on only a small number of contracts [assumed to be on an 'as required' basis] whilst CCTV is seldom a stipulation. However, whilst both are not widely stipulated, we would expect their presence on the home to school transport fleet to become more widespread as vehicles filter through from the general service fleet.

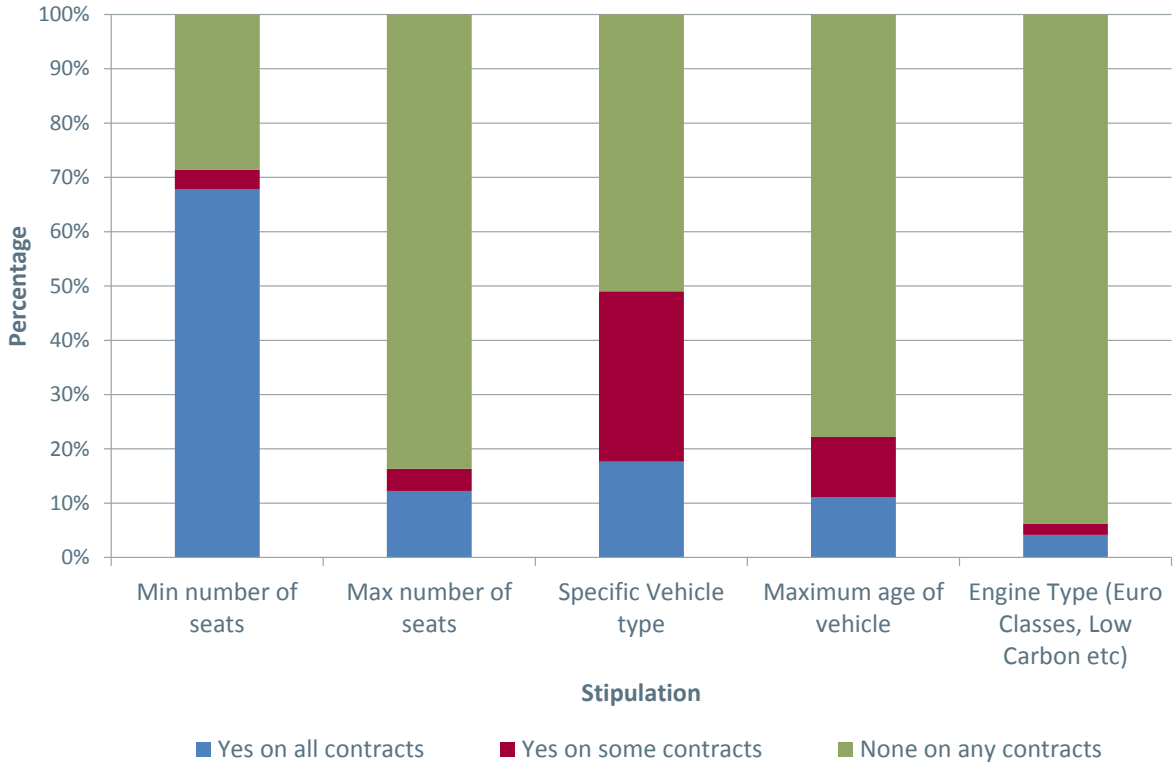

Figure 4.5: Existing Stipulations on School Contracts – Vehicle Characteristics

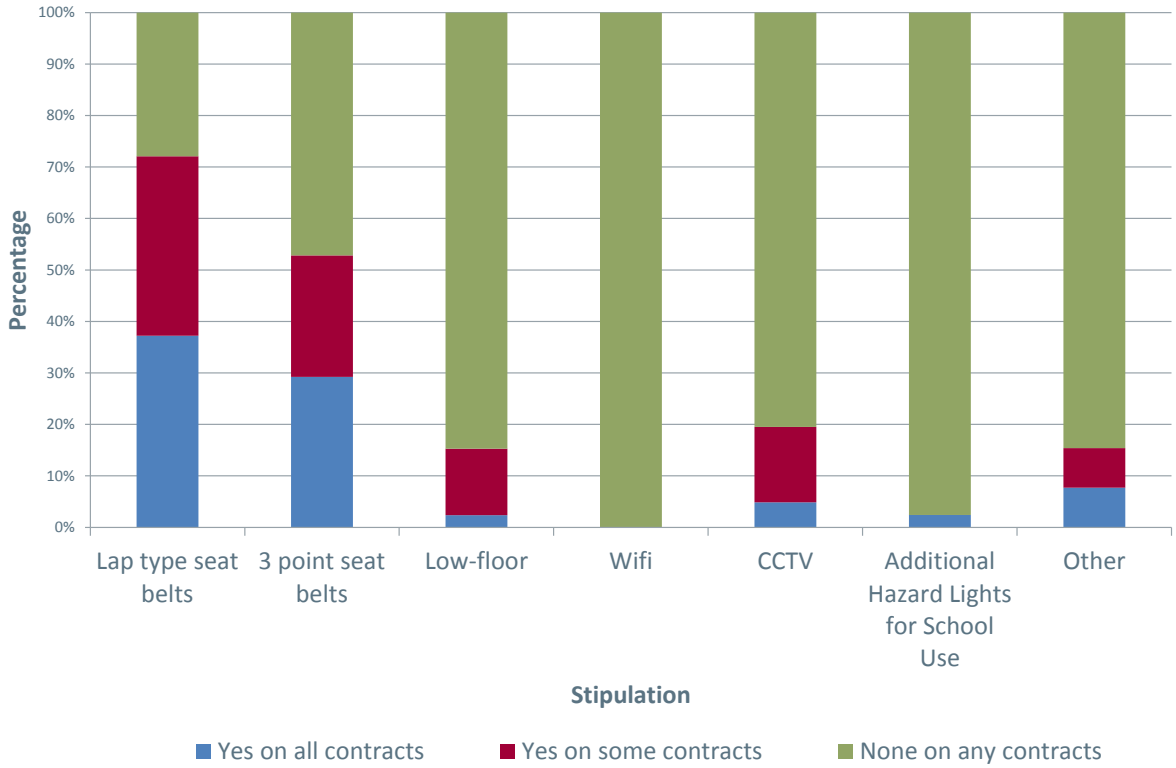

Figure 4.6: Existing Stipulations on School Contracts – Additional Vehicle Attributes

4.16 Figure 4.7 shows the proportionate presence of any driver stipulations on school transport contracts. Disclosure Scotland checks are applied nearly universally, whilst the remainder are applied for some or all contracts. Driver stipulations are much more widespread than stipulations on the type of vehicle and its attributes.

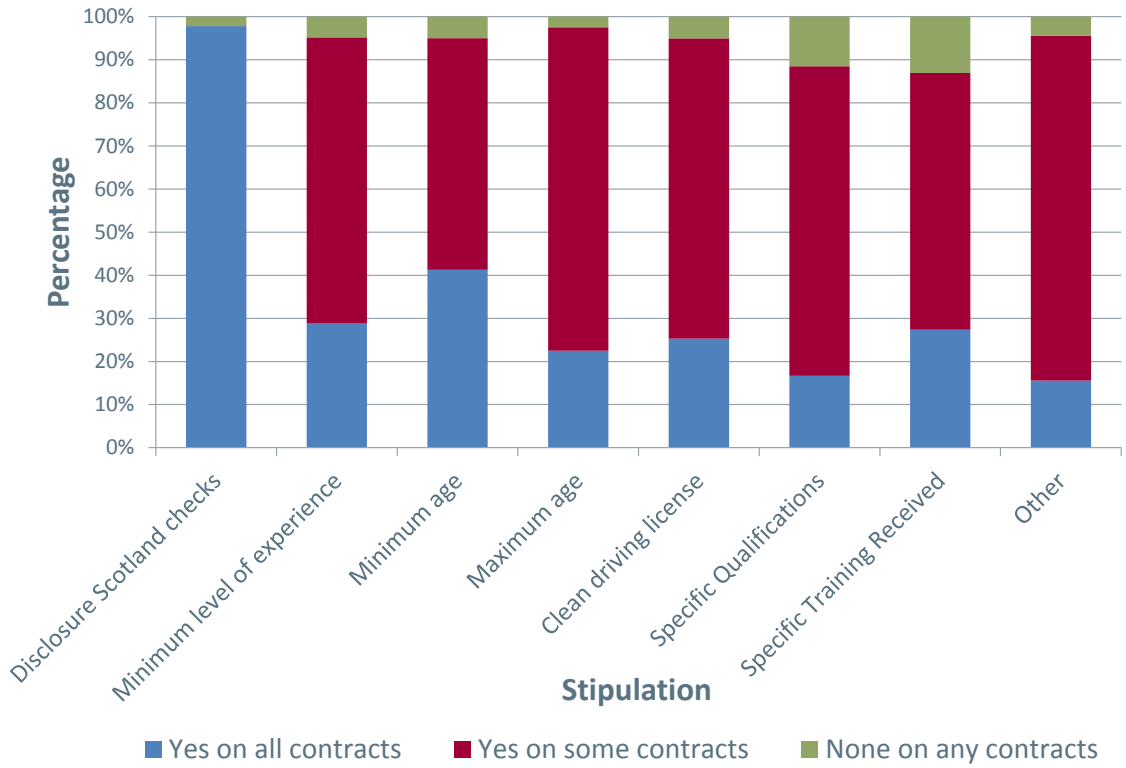

Figure 4.7: Existing Stipulations on School Contracts – Driver Qualifications and Experience

5. INSIGHT INTO SCHOOL TRANSPORT PROVISION AND SPECIFICATION

Introduction

5.1 In order to enrich the findings of the quantitative survey, detailed in Chapter 4 and Appendix A, a series of interviews were held with local authority officers and bus operators. In addition, a wider discussion was undertaken at the ATCO Education Sub-Committee meeting in April 2013, attended by a large proportion of local authorities.

5.2 All interviews were undertaken conducted in confidence in person or by telephone and neither organisations nor individuals are identified in this note.

5.3 This chapter focuses on issues with a direct relevance to the specification and operation of the demand and cost forecasting model, detailed in Chapter 6. Wider issues raised during the interviews and meeting are summarised in paragraph 3.15 as prelude to the more detailed discussion on the industry structure.

5.4 In particular, the interviews provide insight into the likely implications of changes in school transport policy on stakeholders in a variety of different situations. This is to gain a better understanding of the varying perspectives on school transport provision of local authorities and bus operators in different geographical locations and contexts across the country.

Cross-cutting Themes

5.5 A number of key cross cutting themes emerged from the stakeholder interviews, each mentioned by two or more interviewees. These included:

- seatbelts – guidance required on who would be responsible for pupils to use seat belts;
- Wi-Fi – guidance required on how to restrict access to inappropriate content;
- tenders are currently awarded on a lowest price basis which affects the quality of vehicles used;
- specifying upgraded features could effectively price some operators out of business; and
- changes in school opening hours has implications for operators and local authorities in terms of paying for school transport, which might not currently be considered by education departments within local authorities.

Seatbelts

5.6 Seatbelts were a contentious issue for local authorities and bus operators for a number of reasons. The first key issue noted was the requirement for guidance and responsibilities on the enforcement of seatbelt use. Local authorities and operators recognised that at present children do not often use seatbelts, even when these are provided. Should seatbelt provision become a statutory requirement, questions arise as to who will ensure belts are used and, importantly, who has responsibility should pupils be found not using the equipment. Local authorities and operators believe it would be unrealistic to expect the driver to enforce such a rule, and questioned if the driver would be expected to stop the bus if pupils removed the belts.

5.7 Related to this point, the logistics of ensuring young children can use seatbelts should also be considered; at present the driver is not allowed to help children fasten their seatbelts and parents are not allowed to board the bus to help their children unless previously agreed with the local authority and bus operator. Should legislation be enacted that all children use seatbelts, it is widely considered that there will have to be some thought as to how it can be ensured that all children are capable of operating the equipment.

5.8 The final issue with the requirement for seatbelts is that the majority of buses are also used for general service routes. A number of respondents felt that seatbelts are not suitable on conventional routes. The requirement to have seatbelts for school services pose additional problems if, for example, a seatbelt is broken or damaged, operators note the vehicle would have to be taken out of service (for school contracts) until the seatbelt was repaired.

5.9 The potential disjoint between the provision of seatbelts on dedicated services, and their potential absence for pupils using general service buses, was also raised as a concern, especially if there were to be any incidents.

Wi-Fi

5.10 Consistent with issues raised with seatbelts, local authorities and bus operators believed if Wi-Fi was to be provided on buses, guidance would be required on use and responsibilities. Stakeholders were concerned that pupils could access inappropriate material on the internet. The difficulty would be in enforcing discipline and standards, as the driver will not be in a position to stop the bus. Respondents also noted that there would be a responsibility issue as and when parents complain if such a scenario occurred.

5.11 Operators did not feel that the additional costs would be prohibitive; however, they did query the necessity of providing Wi-Fi on a school service.

Tender Pricing

5.12 Both local authorities and bus operators noted issues with tender assessments and awards being made on the basis of price, although, as expected, operators were more vocal about this point. It would appear that a large number of contracts are now awarded solely on price, which some operators feel is unfair as it penalises those who invest in their vehicle fleet [and may

therefore have operational costs]. It also leads to a situation where children are being taken to school on older vehicles which may be inferior. Bus operators felt that if they are to cut costs to compete in terms of price then they have little to no spare capital to invest in improvements to their fleet.

5.13 A number of operators currently feel that there is not appropriate monitoring and enforcement of operators running contracts. Whilst quality is not a key priority to win contracts, there are specific requirements which have to be met in a large number of cases (see paragraph 4.9), and it was felt that a number of lower cost operators do not maintain vehicles to the appropriate standards.

5.14 When specifying the length of contracts, local authorities note that they are in trade-off situation. Whilst longer contracts could give operators stability and time to invest, they may also preclude new entrants or force the withdrawal of existing suppliers if they are unsuccessful at a given moment in time. In the long term this reduces the amount of tenders received for contracts, which, all else being equal, would be expected to lead to a rise in tender costs.

Higher Specifications Cost Implications

5.15 Operators and local authorities recognised that requiring school services to meet potential new specifications may require significant investment in services. Whilst the bus operators will no doubt be expected to meet these costs initially, ultimately the local authorities will have to pay for these improvements through higher contract costs. Local authorities also pointed out the social cost of imposing specification requirements, as it could lead to smaller local operators being priced out of business and unable to compete with larger fleets.

5.16 Whilst the introduction of new stipulations on contracts was viewed by local authorities as likely to incur a premium on costs, this would typically be subsumed within future contract costs, particularly as operators know that the stipulation(s) must be met to remain competitive. Any upfront costs can be reduced considerably if funding is provided to equip vehicles etc, and/or a sufficient lead in time is given to any changes.

School Opening Hours

5.17 A number of issues were noted in terms of school opening hours and their effects on bus operators and their ability to service contracts efficiently. One of these issues was that operators often felt that opening and closing times of Primary and Secondary schools should be staggered and planned holistically across a given area. This would allow the operator to serve both types of schools using the same buses, potentially leading to efficiencies and, ultimately, cost savings for all parties.

5.18 The second issue was that in recent years there has been a move to change school opening hours. Critically, this can sometimes vary by school, and by day of the week. This can be detrimental to operators who run both school and general services together, as they are often not able to provide a standard Monday – Friday timetable. Consistent with the above points, such a move

often means additional vehicles have to be provided to cover the school and general service, which has a cost implication for both local authorities and operators.

5.19 Both of the above points highlight the need to consider local authority budgets holistically when planning changes in education and/or transport provision, with the potential for either savings or additional costs depending on the course of action pursued.

6. SCOTTISH SCHOOL TRANSPORT SPECIFICATIONS COSTING MODEL

Introduction

6.1 To allow Transport Scotland to understand the cost implications of changes in school transport demand, industry costs and structure, and the effect of changes in stipulations, a new demand and costs forecasting model was developed, underpinned by the evidence garnered from the quantitative and qualitative research.

6.2 A user manual, embedded within the model, has been prepared to provide detailed guidance on the use and operation of the model. This Chapter provides an overview of functionality and example outputs from the model.

Model Overview

6.3 The Scottish **S**chool **T**ransport Specifications **C**osting **M**odel (STCM) is a spreadsheet developed in Microsoft Excel which employs a series of calculations to estimate the demand for, and cost of, school transport. Figure 6.1 summarises the basic operation of the model.

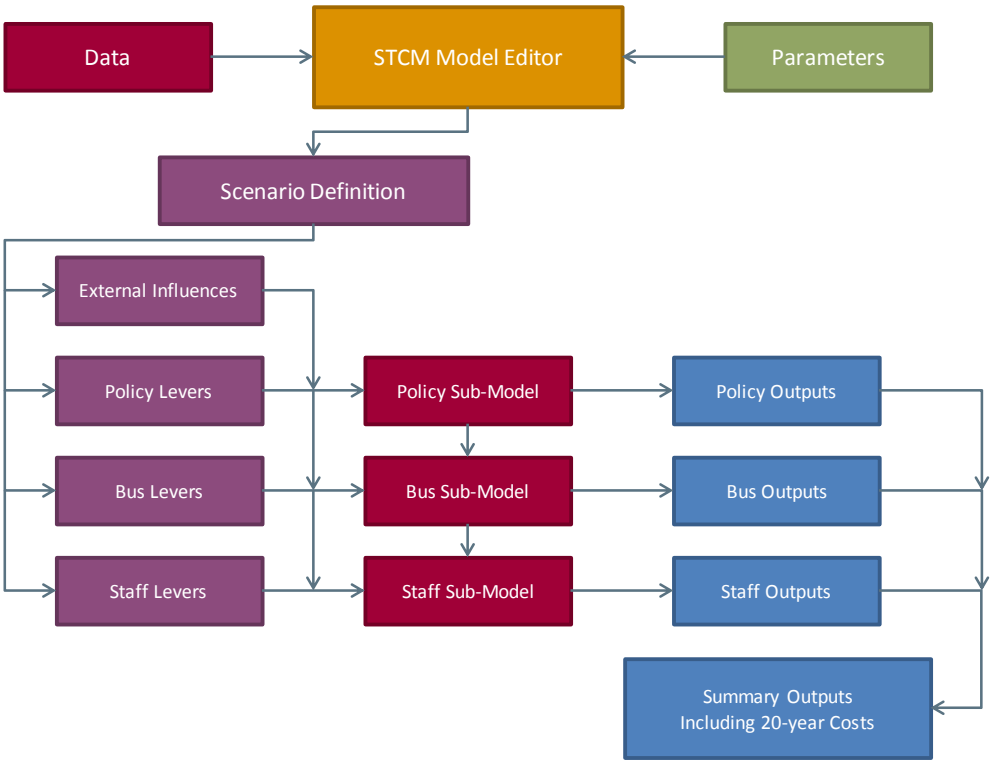

Figure 6.1: School Transport Specifications Costing Model Structure

6.4 The STCM prepares 20-year forecast estimates for the following scenarios:

- a ‘Reference Case’ scenario, which is based on current statutory school transport provision and expected changes in background influences on demand and costs; and

- a ‘Do Something Test’ scenario where the model user can define changes in statutory school transport provision and specification, which may change the demand and costs.

6.5 A reference case (RC) scenario has been supplied with the model which has been prepared based on an analysis of statutory school transport in 2013 and predicted changes over the next 20 years. The model user may define a series of ‘Test’ scenarios, each of which will be saved in a separate Excel workbook.

6.6 Figure 6.2 shows a screenshot of SCTM’s main screen, from which the user can navigate to all other main components of the model.

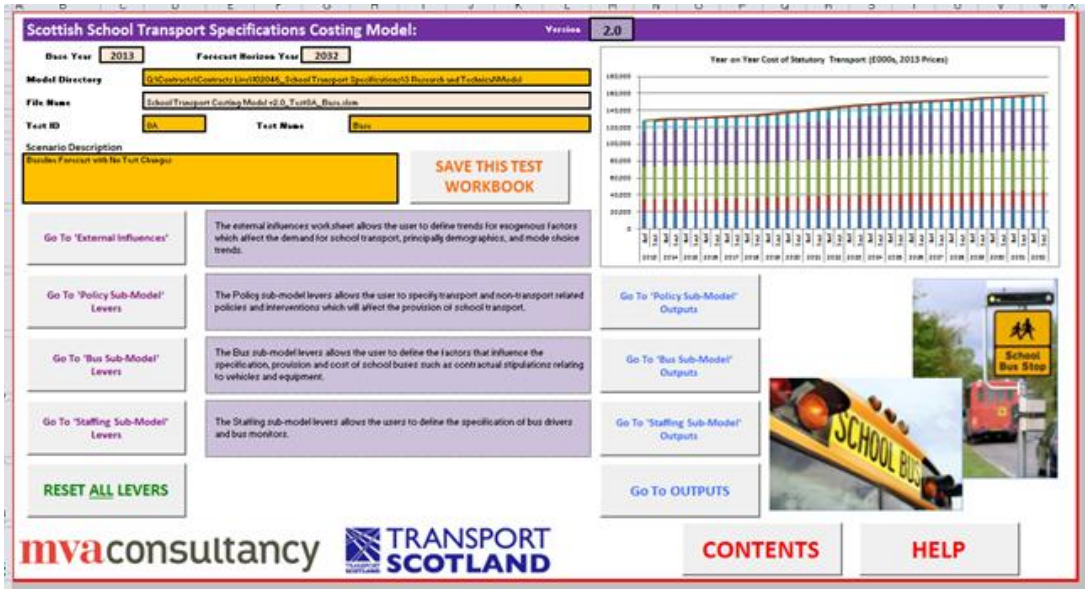

Figure 6.2: SCTM Main Screen

Model Dimensions

6.7 The SCTM undertakes detailed forecasts at the following level of disaggregation:

- 5 regions, each split into urban and rural areas;

- each year to 2032;

- 3 school types – primary, secondary and ASN;

- 6 different school contract types, which are assumed to be mutually exclusive of each other; and

- 5 bus vehicle types.

Model Functionality

6.8 When specifying a new scenario, the user is able to edit forecasts, inputs and assumptions:

Costs

- the additional costs associated with stipulations on new vehicles;
- the additional costs associated with retrofitting stipulations on existing vehicles;
- costs of different bus driver and monitor training and stipulations; and
- forecast trends in different components of operator costs, including attributes related to potential future stipulations.

External Influences

- population projections for different pupil groups by region and area;
- levels of state school participation – long term trend;
- the mode share for bus for travel to/from school; and
- operators' fleet renewal rate.

Policy Inputs

- end of travel passes or the use of PSV buses for statutory school transport; and
- change in the proportion of pupils requiring statutory school transport, to reflect the number and location of schools influencing the distance travelled by pupils.

Bus Policy Levers

- changes in stipulations on the size of vehicles which can be used on school transport contracts;
- specification of seatbelts, and their type;
- specification of engine type (Euro Class or 'other green' engine);
- specification of yellow school buses, low-floor accessibility, Wi-Fi, CCTV and additional hazard signs;
- changes in the level of competition and operator response to new stipulations;
- specification of bus driver training, and minimum requirements; and
- specification of bus monitors and their training.

6.9 Each of the above bus policy levers can be implemented in one of four ways:

- advanced funding;
- advanced notice;
- honour contracts [before stipulation introduced]; and
- break contracts [and introduce stipulation].

6.10 Each implementation strategy has different implications for the future cost of school transport provision.

Model Outputs

6.11 SCTM produces absolute and percentage outputs for all key metrics relative to the reference case scenario. Figure 6.3 shows projected year-on-year cost trends, real term (2013 prices), by region, for both a reference ('Ref') and test case.

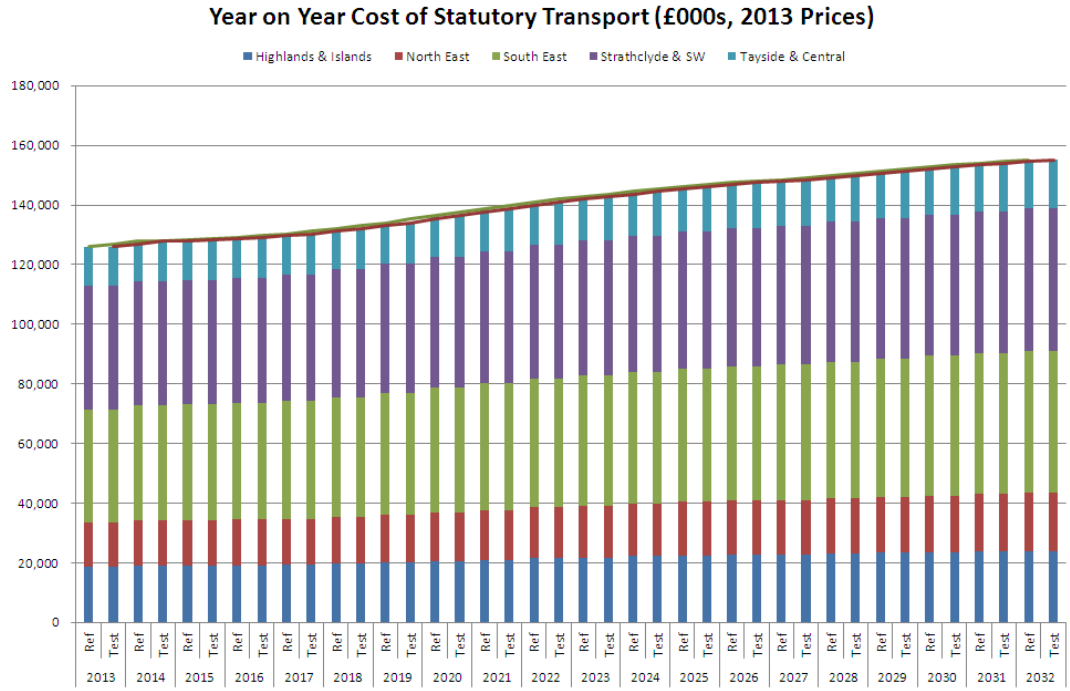

Figure 6.3: Example Year-on-Year Changes in Statutory School Transport Costs

6.12 Figure 6.4 shows the corresponding projected trend in total pupil numbers by area.

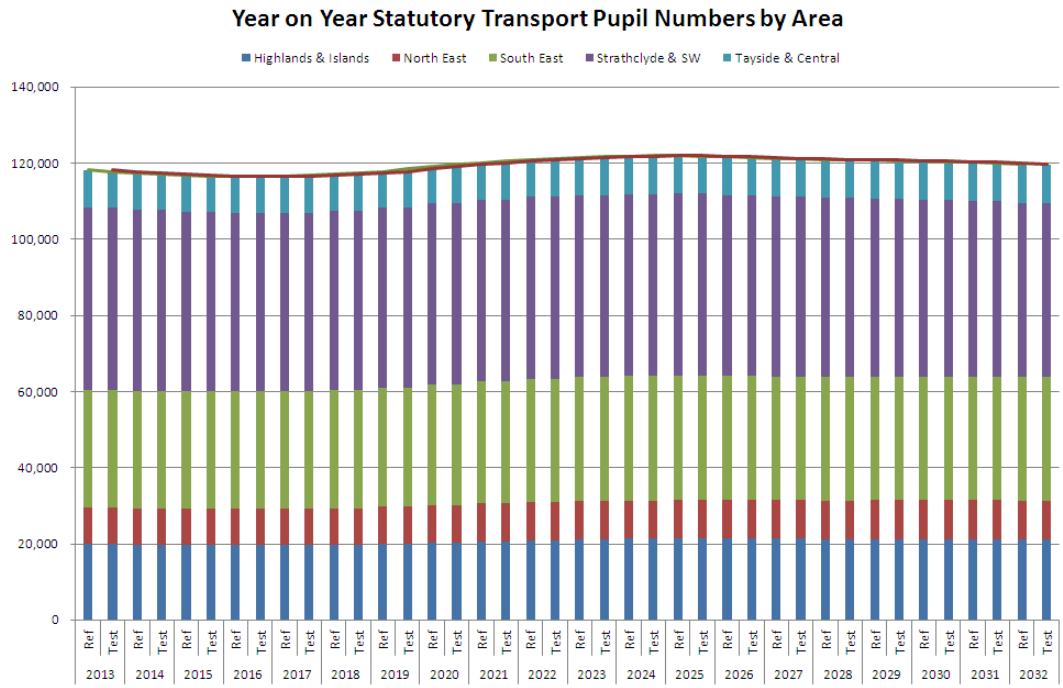

Figure 6.4: Example Year-on-Year Changes in Statutory School Transport Pupils by Region

6.13 Other standard outputs, disaggregated by region and area type, include:

- cost of statutory transport by contract type;
- pupil numbers by contract type;
- details on the fleet and their specification;
- changes in costs due to any additional stipulations; and
- changes in the number of drivers and monitors with different specifications

6.14 A copy of the model is available on request from Transport Scotland.

Further copies of this document are available, on request, in audio and large print formats and in community languages (Urdu; Bengali; Gaelic; Hindi; Punjabi; Cantonese; Arabic; Polish).

This document/publication is also available on our website at www.transportscotland.gov.uk

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An agency of
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The Scottish Government
Riaghaltas na h-Alba

Published by Transport Scotland, October 2013

ISBN: 978-1-909948-04-4 (web only publication)

APS Group Scotland
DPPAS14918 (10/13)

GSR
GOVERNMENT SOCIAL RESEARCH
Social Science in Government