

# Seat Belts on School Transport (Scotland) Bill

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## Financial memorandum

### Introduction

1. As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Seat Belts on School Transport (Scotland) Bill ("the Bill") introduced in the Scottish Parliament on 28 February 2017. It has been prepared by the Scottish Government to support Gillian Martin MSP, the member proposing the Bill. The contents are entirely the responsibility of the member and have not been endorsed by the Parliament.
2. The following other accompanying documents are published separately:
  - statements on legislative competence by the Presiding Officer and Gillian Martin MSP (SP Bill–7LC);
  - a Policy Memorandum (SP Bill–7PM);
  - Explanatory Notes (SP Bill–7EN).
3. The purpose of this Financial Memorandum is to set out:
  - the best estimates of the cost implications associated with implementation of the Bill;
  - the best estimates of the timescales over which the costs implications are expected to arise; and an indication of the margins of uncertainty in these estimates.
4. The Financial Memorandum is structured as follows:
  - Part 1: Overview, statistics and research;
  - Part 2: Recurrent cost implications to local authorities from the provisions in the Bill;
  - Part 3: Costs on the Scottish Administration (including cost implications to the Scottish Government);

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- Part 4: Recurrent cost implications to other bodies, individuals and businesses from the provisions in the Bill.

## Part 1: Overview, statistics and research

5. The definition of “dedicated school transport” for the purposes of the Bill is restricted to that which is delivered by local authorities, grant-aided schools or independent schools (collectively termed “school authorities”) for the sole purpose of taking pupils to and from schools, usually with agreed pick-up and drop-off points tailored to those pupils. Both vehicles owned by a school authority and those provided under contract with a private bus company (which, in practice, the overwhelming majority of local authority provision is) come within the scope of the requirement for seat belts imposed by section 1 of the Bill.

6. For local authorities, the school transport provided is principally for pupils who are eligible for free provision as they live over a set distance from their school (as determined under section 51 of the Education (Scotland) Act 1980) but they can also offer any remaining seats to other non-eligible pupils for free or at a discounted rate. The Bill does not cover registered public bus services available to the fare-paying general public, which some local authorities use to meet their existing duties under the Education (Scotland) Act 1980 by giving pupils season tickets or paying for individual journeys.

7. Unlike in some countries, there is not a specific vehicle model used uniformly for such transport provision (such as a bespoke yellow school bus) and so a range of vehicles are used, varying greatly in size, specification, capacity, modernity, all of which impact on cost. Some may be current or ex-service vehicles from the registered bus sector, such as double-deckers designed for urban use, whilst others can be coaches more commonly associated with long-distance travel.

8. Given that such vehicles are, in the main, not owned by local authorities but provided through contracts with private sector providers, there are a range of commercial influences which must be considered and do not make it possible for cost implications to be calculated using a linear formula simply involving a unit cost per bus multiplied by the number of vehicles provided.

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9. Additionally, the size, scope and specification of school transport contracts varies considerably nationally, as does the availability of private sector provision across different geographical areas: factors which will also have a significant impact on calculating the overall cost of providing seat belts in dedicated school transport services. This means there is not a standard cost per pupil or per journey across Scotland and, as such, the most appropriate way to calculate the financial implications of the Bill is to give best estimates of the impact on the overall future contract costs of the school authority, rather than counting individual binary units.

10. In order to help those affected by the new legal requirement for seat belts – principally local authorities and commercial bus operators – adapt and avoid the need for existing dedicated school transport contracts to be broken, the Scottish Ministers formally announced the legislative plans in 2014, with intended commencement dates for the Bill of 2018 in respect of vehicles carrying primary school children and 2021 for those transporting secondary pupils. As contracts generally run from three to five years, this timescale helps enable a smooth transition.

## Statistics

11. There are no national statistical datasets available on the number of children using the definition of dedicated school transport in the Bill or the number of buses in operation which are used for such provision. Summary figures for 2016 show there were 684,415 pupils in Scotland attending 2,031 primary schools, 359 secondary schools and 141 special schools (including grant-aided schools).<sup>1</sup> National data also states that 14.5% of children in full-time education travel on a ‘school bus’ for home-to-school provision, which equates to 99,240 pupils.<sup>2</sup> However, it should be noted that the definition used in this data source does not correlate precisely with the definition of dedicated school transport used in the Bill. It is envisaged that the number of children using dedicated school transport within the meaning given by the Bill will be fewer.

12. Research commissioned by Transport Scotland indicates that, in academic year 2012/13, there were approximately 120,000 pupils eligible for, and using, free or supported travel from their local education authority

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<sup>1</sup> [Summary Statistics for Schools in Scotland - 2016](#)

<sup>2</sup> [Scottish Transport Statistics - No 34 2015 Edition](#)

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at a cost of £126 million per annum.<sup>3</sup> This will include journeys on public buses where councils have paid for the journey, which is not covered by the Bill.

13. The above research, which sought responses directly from local authorities, estimated that 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 vehicles for children with Additional Support Needs (ASN).<sup>4</sup>

## Research

14. Given the forecasts are quantified in terms of the likely impact on future contract costs – and there is no national data currently compiled on the number of dedicated school transport contracts in place from local authorities, grant-aided or independent school providers for such transport – Transport Scotland has undertaken a range of specific research. This has included external consultancy advice and in-depth engagement with local authorities and the bus industry, encompassing:

- A research report by MVA consultancy, *The Costs and Challenges of Changing the Specifications for School Transport in Scotland*, published in 2013.<sup>5</sup> This included an associated costing model which can provide estimates based on variables entered for a number of influential factors.
- A survey to all local authorities conducted by Transport Scotland and the Association of Transport Co-ordinating Officers (ATCO) in 2014, capturing feedback from those directly involved in the contracting of dedicated school transport.
- In-depth discussions with local government representative bodies, the bus industry, the independent school sector, individual local authorities and Regional Transport Partnerships via the Seat Belts on School Transport Working Group, established in 2014.

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<sup>3</sup> [The Costs and Challenges of Changing The Specifications for School Transport in Scotland](#)

<sup>4</sup> [The Costs and Challenges of Changing The Specifications for School Transport in Scotland](#)

<sup>5</sup> [The Costs and Challenges of Changing The Specifications for School Transport in Scotland](#)

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- Focus group interviews with various bus operators in Aberdeenshire and West Lothian.
- An exercise with CoSLA and the Scottish Local Government Partnership (SLGP) in August 2016 which sought feedback from all Scottish local authorities on their projected cost implications from the new duty.
- Direct correspondence to all of Scotland's grant-aided schools, and to all independent schools not represented by the Scottish Council for Independent Schools.
- The Scottish Government's public consultation which ran from 10th March to 3rd June 2016.<sup>6</sup>
- A further survey via ATCO regarding local authority dedicated school transport contracting practices, including follow-up engagement with specific local authorities where necessary, gaining feedback in early 2017.

15. The research conducted in preparation for this Bill reinforced how varied dedicated school transport provision and its costs are across the country. The majority of provision is delivered by local authorities, with the grant-aided and independent school sectors reporting that their dedicated home-to-school transport is already almost universally provided with seat belts – therefore this Financial Memorandum is primarily focussed on council provision.

16. Existing UK law means that since 2001 all new coaches, minibuses and buses have had to be fitted with seat belts, however urban buses which include room for standing passengers are exempt.<sup>7</sup> Consequently, although vehicles used for dedicated school transport vary considerably, a high number of those in use which do not have seat belts fitted are older vehicles (pre-2001) or double-deckers originally designed for urban use. Taxis and minibuses used for dedicated school transport will be covered by the Bill but are already subject to UK law requiring them to have seat belts fitted.<sup>8</sup>

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<sup>6</sup> [Consultation on Seat Belt Requirements for Dedicated School Transport](#)

<sup>7</sup> [Road Vehicles \(Construction and Use\) \(Amendment\) \(No. 2\) Regulations 2001 \(S.I. 2001/1043\)](#)

<sup>8</sup> [Road Vehicles \(Construction and Use\) Regulations 1986 \(S.I. 1986/1078\)](#)

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17. Returns from local government during the ATCO survey in 2017 revealed that 18 local authorities in Scotland already voluntarily contracted for seat belts in all dedicated school transport provision, with six more doing so in some provision (such as only for primary pupils or ASN pupils). The previous ATCO survey in 2014 showed 17 councils stipulated a requirement for seat belts in all contracts, whilst Transport Scotland engagement with local authorities in 2012 suggested that at that time 12 stipulated did so, showing that an increasing number of local authorities are moving towards the inclusion of a seat belt condition as best or standard practice even without legislation.

18. The 2017 survey also indicated that there are around 110 buses or coaches used for dedicated school transport which were not fitted with seatbelts. This was a reduction from 323 in 2014. When compared to the overall number of vehicles from MVA's research in 2013, this indicates that, when the announcement to legislate was made, around 85% of dedicated school transport already has seat belts fitted. This has now moved to around 95%, however, due to this being a transition phase regarding contract practices and the overlapping timing of different contracts, some contracting authorities report that there may be a slight margin of error within the 2017 figures.

19. There is also a wide variation in the size of bus or coach companies which undertake school transport contracts, from large national operators which are also well established in the commercial registered bus sector to smaller local companies which may only provide dedicated school transport or do so alongside private hires such as transport for weddings or football fans.

20. Ultimately, a decision as to whether any bus is retrofitted with seat belts or replaced, in order to meet a future dedicated school transport contract, will be one for private operators. As such, this is where any initial capital costs will fall. Discussions with bus operators and trade bodies have made clear that an operator which incurs a cost due to the new seat belt requirement in a contract would look to recoup this via a price increase in their bid for future dedicated school transport contracts and therefore this Financial Memorandum quantifies the figures in terms of the knock-on recurrent cost to school authorities. It should, however, be noted that operators regularly upgrade or refresh their bus fleets according to commercial considerations and so many older buses will be replaced in any

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event, for example as they become un-roadworthy through general wear and tear, with newer models more likely to already have seat belts fitted.

21. Local authorities and bus operators have given strong feedback that having to break existing contracts would cause, by far, the largest financial outlay, but the intended timescales for commencement of the Bill are aimed at obviating the need for this.

## Part 2: recurrent cost implications to local authorities from the provisions in the Bill

22. Existing dedicated school transport contracts between school authorities and bus companies are commercially sensitive and therefore cannot be scrutinised individually in order to provide case studies. Additionally, given the fluctuating nature of contract prices and the number of requirements within them, it is not possible to definitively calculate how they will change in future years. As such, the best estimates have to be based on forecasts from local authority professionals with contracting experience in this area.

23. Three separate cost forecasts have been prepared, each using different data gathering exercises and incorporating different methods of calculation.

### Consultant estimates

24. MVA consultancy was commissioned by Transport Scotland to produce *The Costs and Challenges of Changing The Specifications for School Transport in Scotland* in 2013. Preparing this report involved both a quantitative data collection exercise with local authorities and operators on the demand for – and supply of – school transport, along with qualitative research to understand the issues and challenges associated with school transport provision in greater depth. These findings formed the basis for a demand and cost forecasting model which accompanied the research report. It should be noted that MVA's findings were based on 2013 projections of the dedicated school transport and bus industry provision in 2018 and 2021.

25. The tables below set out the estimated increase in costs until 2031, with different costs estimated for provision of lap belts and three-point belts respectively (the Bill cannot and does not mandate a particular type of belt).

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MVA's model takes into account whether buses are likely to be retrofitted or replaced; and the levels of competition and provision in geographical areas.

## Lap belts

	Estimated Additional Contract Cost (£m)						
	2018	2019	2020	2021	2022	2023	2024
<b>Yearly Cost</b>	£0.02	£0.06	£0.09	£0.24	£0.39	£0.53	£0.58
<b>Cumulative Total</b>	£0.02	£0.08	£0.17	£0.41	£0.80	£1.33	£1.91
	2025	2026	2027	2028	2029	2030	2031
<b>Yearly Cost</b>	£0.61	£0.64	£0.65	£0.66	£0.67	£0.70	£0.71
<b>Cumulative Total</b>	£2.52	£3.16	£3.81	£4.47	£5.14	£5.84	<b>£6.55</b>

## Three-point belts

	Estimated Additional Contract Cost (£m)						
	2018	2019	2020	2021	2022	2023	2024
<b>Yearly Cost</b>	£0.07	£0.15	£0.22	£0.52	£0.81	£1.12	£1.26
<b>Cumulative Total</b>	£0.07	£0.22	£0.44	£0.96	£1.77	£2.89	£4.15
	2025	2026	2027	2028	2029	2030	2031
<b>Yearly Cost</b>	£1.35	£1.39	£1.42	£1.46	£1.51	£1.55	£1.59
<b>Cumulative Total</b>	£5.50	£6.89	£8.31	£9.77	£11.28	£12.83	<b>£14.42</b>

26. The above tables represent the total costs under each scenario, not adjusted for inflation. In total, MVA received responses from 29 out of 32 local authorities. However the costing model is able to process the data and give forecasts on a national basis, meaning that these figures represent the costs for local government as a whole. Additionally, MVA's model takes into account of future forecast changes in bus operator costs likely to arise independent of a new seat belt requirement. These include vehicle manufacturing costs, vehicle maintenance, part replacement and drivers' wages. The MVA model then estimates to what extent these costs are likely to feed through into school bus contract costs.

## Local government returns

27. There has been a strong partnership between Transport Scotland and local government in preparation for the Bill going back a number of years, with CoSLA, the Association of Transport Co-ordinating Officers (ATCO) and the Society of Chief Officers of Transportation in Scotland (SCOTS) all represented on a joint working group since 2014. In



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collaboration with these partners it was deemed that, in order to build on the MVA forecasts, an exercise should be undertaken to seek cost projections directly from local authorities, based on the refined definition of dedicated school transport to be used in the Bill. This was done in partnership with CoSLA, which has established processes in relation to cost forecasts for future statutory requirements. In order to keep forecasts straightforward, local authorities were not asked to make different forecasts for lap belts or three-point belts, as in MVA's estimates. SLGP councils also supplied estimates, with a very high return rate from local government as a whole. The results are shown in the table below (it cannot be assumed that councils adjusted these for inflation).

	<b>Estimated Additional Contract Cost (£m)</b>						
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Primary</b>	£0.20 2	£0.230	£0.230	£0.230	£0.230	£0.230	£0.230
<b>Secondary</b>	-	-	-	£0.377	£0.535	£0.535	£0.535
<b>Yearly Total</b>	£0.20 2	£0.230	£0.230	£0.607	£0.765	£0.765	£0.765
<b>Cumulative</b>	£0.20 2	£0.432	£0.662	£1.269	£2.034	£2.799	£3.564
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
<b>Primary</b>	£0.23 0	£0.230	£0.230	£0.230	£0.230	£0.230	£0.230
<b>Secondary</b>	£0.53 5	£0.535	£0.535	£0.535	£0.535	£0.535	£0.535
<b>Yearly Total</b>	£0.76 5	£0.765	£0.765	£0.765	£0.765	£0.765	£0.765
<b>Cumulative</b>	£4.32 9	£5.094	£5.859	£6.624	£7.389	£8.154	<b>£8.919</b>

28. This represents the entire cost over the fourteen year period from 2018 to 2031 (inclusive). Due to confidentiality arrangements with local authority finance directors, CoSLA was unable to share forecasts broken down by individual local authorities or to share the specific methodology each had used to calculate its figures. Both CoSLA and SLGP have outlined that these forecasts include costs for councils which already voluntarily require seat belts in their contracts, so they are not negatively affected, as the new requirement means that they are obliged by statute to do the same in future. Again, this was not broken down by individual authority.

## Retrofitting cost estimates

29. An alternative method of forecasting the cost implications of compliance with the requirement for seat belts would be to assume that every vehicle currently used for dedicated school transport will be retrofitted, although in practice this is unlikely as there can be difficulties with retrofitting certain models of bus. Officials from Transport Scotland have been in touch with a number of garages and vehicle modification centres which retrofit seat belts on to buses, as well bus operators with knowledge in this area. Feedback indicates that this cost ranges from around £2,000 to £12,500 per bus or coach, depending on the vehicle type and seatbelt specification. Additionally, CoSLA previously stated that it understands the cost of retrofitting to be up to £4,000 per vehicle in a letter to the Scottish Government in March 2014. Using the 2014 figure of 323 buses or coaches which are not fitted with seat belts obtained via ATCO (given that changes from that date onwards may have been influenced by the announcement of the intention to legislate), the cost of retrofitting is displayed as a one-off cost in low to high ranges in the table below.

	Estimated Additional Contract Cost (£m)		
	2018	2021	Total
Low	£0.22	£0.43	£0.65
High	£1.35	£2.69	£4.04
Average	£0.79	£1.56	£2.35

## Wider context

30. Strathclyde Partnership for Transport (SPT), a member of the joint working group mentioned in paragraph 26 above, has experience of adding seat belt requirements into a number of their contracts since the Scottish Ministers announced the intention to legislate in 2014, and has reported that doing so was previously cost neutral, or at most led to a very small increase in price. Likewise Aberdeenshire Council, also a working group member, report that when it moved to contract with seat belts in 2010 it did not have the impact on price they had envisaged and was not the main factor in the costs quoted from operators. Rural or more remote areas with lower levels of competition may see a bigger impact on price when adding new requirements in to contracts, yet these local authority areas generally already require seat belts in their dedicated school transport contracts.

31. The three forecasts in this document represent a fairly broad window of costs, which is to be expected given the wide variations in vehicle provision and contracting costs and practices. Isolating out the impact that a new seat belt requirement would have on an overall future contract price

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is particularly challenging. Engagement with bus operators and councils has highlighted how there are various features which routinely change when contracts are renewed such as the number of children to be transported, the number and length of routes, the standards of vehicles and on-board features such as CCTV and Wi-Fi. Therefore the contract is viewed and priced as a package, rather than a series of individual features which can be independently costed.

32. Additionally, the composition of the bus market and the number of private operators in a particular area will have a marked effect on cost. A bus company which wishes to tender for dedicated school transport contracts yet does not have vehicles with seat belts already fitted will have to decide whether to retrofit vehicles, purchase new ones or not to bid for the dedicated school transport contract. It will be for bus operators to assess their fleets and make such decisions based on their own commercial interests, which they already do in relation to various factors which may change in a local authority or other commercial contract when it moves from one tender round to the next. In areas of high competition, operators need to demonstrate cost-effectiveness against other providers and are less likely to raise prices submitted for contract. The reverse can be the case in areas of low competition.

33. It is apparent that there can be difficulties with retrofitting some buses, particularly double-deckers where certain structural issues may pose limitations, but it will be for bus operators to decide on any fleet changes. Although it is not possible to ascertain precisely how local authorities have estimated the above price increases, any forecast which includes the entire price of one or more buses being loaded on to a local authority contract cost would be questionable in terms of obligations regarding value for money. As contract cycles are around five years and buses last considerably longer, such a scenario would effectively see public sector funds being used to buy an asset for a private business should the bus company not bid for future contracts and choose to use the vehicle for another enterprise. The option of purchasing buses themselves is open to local authorities.

34. With regard to ASN pupils, local authorities often provide specialist transport in this area according to needs assessments based on existing statutory duties. Where needs centre on mobility, such as with wheelchair users, the overwhelming majority of such transport is provided by way of taxis and minibuses which already have seat belts or specialist restraints

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fitted due to existing UK law. Therefore there should not be any new cost in this area as a result of the Bill. Additionally, funding for the transport of ASN pupils attending grant-aided schools can be a mixture of funding from the local authority in which the young person resides and funding directly from the Scottish Government to the school. Such levels of provision are minor and, although it cannot be definitively declared, council returns were stated to be entire costs and therefore may include this.

### Part 3: costs on the Scottish administration (including cost implications to the Scottish Government)

35. The Scottish Government has an established process with local government, whereby any policy initiatives or legislative changes which places a new burden on local authorities are funded accordingly in addition to the wider local block grant package.

36. CoSLA's Executive Group considered and authorised its response to the public consultation, which stated that it welcomed the partnership work undertaken between local government and the Scottish Government to understand the cost implications and hoped this would continue. The subsequent cost forecast exercise with local government went ahead in this spirit. Notwithstanding the local authority practices for cost forecasts which mean that there is not a detailed breakdown per council, and the various other competing factors which may influence future local authority contracts, it is the Scottish Government's position that the forecasts supplied by local government in 2016 seem broadly in the range suggested by other sources.

37. In terms of the length of the financial commitment, this has been forecast until 2031, a decade after the new legal duty is fully implemented for all dedicated school transport and 14 years after the primary school commitment begins in 2018 (the academic school year begins in August, whereas the financial year begins in April). It is therefore accepted that the commitment will run from financial year 2018/19 until financial year 31/32). It will discontinue due to the expectation that the bus market will adapt to the new legislative requirement so that its costs will be absorbed and priced into future contracts. Dedicated school transport contracts are generally 3-5 years, therefore this lead-in time allows for two full contract cycles. Thus from 2021, all vehicles used for such contracts will have seat belts fitted, whilst UK legal requirements governing buses or coaches built from 2001

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and not designed for urban use mean newer vehicles which are purchased by bus companies over this time period are increasingly likely to have seat belts fitted already. As MVA's report states:

*“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.”<sup>9</sup>*

38. Whilst there is a case for a funding commitment on primary school transport to only last until 2028 (covering two full five year contracting cycles from the 2018 commencement date), a forecast until 2031 for all provision demonstrates an element of goodwill on the part of the Scottish Government and allows for the commitment to end in one phase in respect of both primary and secondary school provision.

39. Early notification of planned changes to future contract requirements are cited as the principal factor in any cost implications. The Scottish Government wrote to every local authority in 2014 giving formal notice of the intention to legislate and setting out the planned implementation dates, allowing contracts signed in the run-up to that date to be future-proofed for compliance. Feedback received from local authorities is that many have already put this into practice.

40. It should be noted that, when the Welsh Government introduced similar legislation, it was stated that it could cost £4.5m to fit every vehicle with seatbelts, yet additional funding was not allocated to local authorities, as they were deemed to be given sufficient prior notification (the Learner Transport (Wales) Measure 2011 was introduced to the Welsh Assembly on 20 September 2010 and the new legal requirement brought into force in 2014).<sup>10</sup> As stated, the Scottish Government's 'new burdens' approach regarding local government funding takes a different approach.

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<sup>9</sup> [The Costs and Challenges of Changing The Specifications for School Transport in Scotland](#)

<sup>10</sup> [Explanatory Memorandum to proposed Safety on Learner Transport \(Wales\) Measure](#)

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## Non-compliance and enforcement

41. If there is any failure of compliance with the new duty to ensure that seat belts are fitted on all vehicles used for dedicated school transport, then the recourse will be to existing complaints and governance procedures for local authority, grant-aided and independent schools. The Bill does not introduce any bespoke new process. In respect of alleged non-compliance by local authorities, if existing complaints mechanisms are exhausted, the Scottish Public Services Ombudsman (SPSO) will have the power to investigate the matter. The SPSO does not predict a significant increase in workload due to the new duty imposed by the Bill.

42. The requirement for school authorities to publish an annual statement of compliance with the new duty is considered to have negligible cost implications. Furthermore, no new enforcement body is being created by the Bill. Therefore there are no significant new cost implications in terms of enforcement.

## Part 4: recurrent cost implications to other bodies from the provisions in the Bill

### Independent schools

43. Independent schools are responsible for their own management and essentially run as private enterprises, albeit subject to oversight by the Office of the Scottish Charity Regulator. The Scottish Council for Independent Schools (SCIS) has canvassed its members and relayed that, to their knowledge, home-to-school dedicated transport in this sector is already contracted with seat belts. The Scottish Government has also sent correspondence to all independent schools in Scotland which are not SCIS members and none have indicated that compliance will be an issue. Accordingly, there are no anticipated cost implications forecast for this sector.

### Bus operators

44. The initial cost implications will fall on bus companies which own vehicles without seat belts yet wish to tender for dedicated school transport contracts. However, as stated, this cost will be offset by the price they charge to undertake a contract. Ultimately this will be a commercial decision regarding the profitability of a contract and feedback from bus operators and local authorities is that it is not possible to isolate the precise role that a new seat belt requirement would play in affecting it.

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45. This is the case with other requirements in dedicated school transport contracts and indeed dedicated school bus contracts may prove more, rather than less, attractive to bus operators in the future due to a range of factors such as fuel and vehicle prices, the changing levels of competition in an area or the price a local authority will pay for dedicated school transport provision.

46. Bus companies in areas where the local authority has already moved to contractually requiring seat belts have reported that this did not represent the main factor in charging more for the contract, with other requirements such as a particular design or model of vehicle, or a vehicle meeting certain emissions standards, having more bearing on cost. As such, bus companies are used to making assessments of fleets and changing or upgrading vehicles in order to meet contractual specifications and the seat belt requirement imposed by the Bill is one of a number that will appear in any given contract (as set out in detail in the Business and Regulatory Impact Assessment accompanying the Bill). Bus companies which undertake dedicated school transport contracts often also run public registered bus services and there can be a tendency for the older, well-used vehicles within a fleet to be used for their school provision rather than for the fare-paying general public. Many bus companies, particularly the larger national operators, will have the option of reorganising their fleets and moving vehicles with seat belts away from certain public services or from a particular geographic area to be used for a dedicated school transport contract instead.

47. Also, bus contracts are generally 3 to 5 years, whilst the operational lifespan of a bus or coach can be decades. Therefore, any bus operator's overall long-term business plan will determine decisions on bus purchases, rather than one element of a dedicated school contract being the sole determinant of a decision. Bus operators state that having to break an existing contract would have the largest impact on cost, but the lead-in time planned for the Bill to come into force – and the early notification of the intention to legislate that was given by the Scottish Government – should obviate the need to do so.

## Vehicle garages, modification centres and bus manufacturers

48. Any decision by a bus company as to whether to tender for dedicated school transport contracts (and any required changes to their fleet in order

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to achieve this, such as retrofitting vehicles or purchasing new ones) is a commercial one which takes a range of factors into account. However, it is fair to assume that bus garages and modification centres which specialise in retrofitting may secure an increase in trade as a result of the Bill. The Scottish Government is aware that there are a number of such specialist operators in Scotland. If the cost implications of the Bill are calculated via an assumption that all buses are retrofitted, by extension the companies which specialise in this could benefit by up to £4.04m, from the point of the 2014 announcement of legislation onwards. However, it cannot be assumed that in practice operators would solely use Scottish companies, as there are a number across the UK which provide this service.

49. Likewise, bus manufacturers may see an increase in purchases if companies decide to replace vehicles in their fleet, yet there are a very small number of such businesses in Scotland. Given that vehicle purchase represents a significant outlay, private bus companies will generally decide whether to make such a purchase based on many factors concerned with their future commercial viability. It is not possible to isolate out the effect which the new legal requirement would have on such considerations.

## Individuals

50. There is no indication that the provisions within the Bill will lead to any cost implications on individuals. Dedicated school transport is supplied free of charge or at a subsidised rate to pupils according to the distance they live from school. During extensive stakeholder engagement, there has been no indication that local government practices or procedures in this area would change directly as a result of the legislative measures.

## Summary of costs arising from the Bill

<b>COSTS ON LOCAL AUTHORITIES</b>	<b>£8.92M (YEARS 2018-203 INCLUSIVE)</b>
<b>COSTS ON SCOTTISH ADMINISTRATION</b>	<b>£8.92M (ALLOCATION TO LOCAL AUTHORITIES AS ABOVE)</b>
<b>COSTS ON OTHER BODIES AND INDIVIDUALS</b>	<b>N/A</b>
<b>TOTAL</b>	<b>£8.92M</b>



This document relates to the Seat Belts on School Transport (Scotland) Bill (SP Bill 7) as introduced in the Scottish Parliament on 28 February 2017

# Seat Belts on School Transport (Scotland) Bill

## Financial memorandum

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