

25 October 2019

Christine Grahame MSP
Rural Economy and Connectivity Committee
Scottish Parliament
Edinburgh, EH99 1SP

Hello Ms Grahame,

At the October 2nd meeting of the Rural Economy and Connectivity Committee I committed to providing a written response to the Committee on your questions:

- Figures for costs and fines to operators because of changes in their timetable, delays and cancelled services attributable to congestion because of road maintenance/road surfaces.
- Figures for costs for repairs through wear and tear directly attributable to road surfaces
- Claims that operators have had to put to insurers directly as a result of the condition of the roads.

Having discussed this with CPT operator members, I now better understand there are issues with being able to quantify these figures without falling foul of likely over or under exaggeration. However, I hope to be able to give some additional information to support our written evidence to the Committee and some approximate costings where possible.

Damage from poor road surfaces

Different operators have different approaches to dealing with damage to vehicles that is attributable to poor road surfaces. For example, one large operator has taken the decision to no longer submit insurance claims to local authorities as authorities will point to a "reasonable inspection regime" to avoid liability. I am confident they are not alone in taking this approach. As such, a focus on insurance claims would give an incomplete picture.

In addition to specific incidences relating to potholes or other larger faults in the road surface that may lead to instant damage, there is the general wear and tear on vehicles from travelling on poor surfaces. It is difficult to attribute an exact cost to this, but it is observable that vehicles on a route which has poor road surfaces will require greater maintenance. One large operator recently carried out a review of annual per vehicle spend on glass, axles and suspension – three of the components most impacted by poor roads surfaces. The review found that spend increased the further north within the UK the vehicle operated but that a Scottish average was approximately £2,150.

If we make two rather large assumptions that this spend holds true for all Scottish vehicles and that this spend is entirely attributable to poor roads surfaces then the cost to the industry of poor roads surfaces, for its fleet of 4,200 vehicles, would be £9m. There are several factors that would vary that total - not all the spend in reality would be due to poor roads surfaces but not all operators would enjoy the economies of scale of this large operator to get cheaper maintenance costs, for example.

In addition, a separate large operator records costs incurred from damaged tyres caused by road defects at £10k per month. If this figure holds true for all operators, then the Scottish industry has an annual cost for tyre damage of approximately £650k.

I do not want to provide figures to the Committee that I cannot evidence but I can confidently state that the cost to the industry relating to the impact of poor road surfaces on certain key components could be as high as £9.5m, and if in reality it is half or a third of this total then that is still a huge cost burden to bus and coach operators.

Operational costs

Disruption caused by poor roads surfaces or roads maintenance has an impact to the cost base beyond wear and tear to certain components. Slower road speeds mean greater fuel costs and may lead to the operator being forced to introduce another vehicle into service to maintain frequencies. That means an additional fuel cost and driver cost for the vehicle with no likely equivalent uplift in patronage.

There are other miscellaneous costs relating to adding a vehicle to service (e.g. vehicle cleaning) that could be included within this. It would vary from operator to operator and by area. I am not able to put a cost to this but can state that fuel and drivers' wages are the two largest costs for a bus operator.

Public Inquiries

Operators who fail to meet the Traffic Commissioner's standards for service punctuality can be called to public inquiry. As discussed at the Committee session, if an operator can evidence that the failure is attributable to action (or inaction) from a third party, such as roads maintenance, utility works, etc. then the Traffic Commissioner will hopefully take that into consideration. However, on each occasion there is a cost in evidencing and defending any call to inquiry. The costs to defend a case are at a minimum approximately £10k and could rise to as much as £25k for a more complex issue. There are additional resource costs in preparation and attendance that keep senior people from their jobs and can have consequences for the business. There is additionally the cost to reputation and potentially to patronage resulting from the public inquiry and any media coverage of it. I cannot quantify these costs, but they are very real.

Patronage loss

KPMG's 2017 report Trends in Scottish Bus Patronage attributed 22% (5.9m) of the 27m decline in bus patronage between 2011/12 and 2015/16 to bus journey times. This can largely be attributed to congestion – of which a percentage will be through disruption from roads works and from poorly maintained road surfaces.

Again, I cannot quantify this accurately, but I would point out that patronage does not drop and recover in line with the start and end of road works. If a journey is held up and a passenger has a poor experience, misses an appointment or is late for work they may decide not to risk that happening again and find a different means to travel. Patronage on a route affected by congestion or unreliability due to roads maintenance issues is often slow to recover or doesn't recover.

I appreciate that this response largely fails to provide the level of detail requested but I hope it gives you an idea of the costs and issues involved while explaining the difficulty in extracting and attributing exact figures related to this issue from wider operational costs. If the Committee has any follow up questions, I will endeavour to answer them as best I can.

Yours sincerely,

Paul White
Director, CPT Scotland

Cc: Steve Farrell, Clerk to the REC Committee