

National Assembly for Wales
Finance Committee

Report on the financial implications
of the Proposed Safety on Learner
Transport (Wales) Measure

December 2010



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Finance Committee

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Finance Committee

The Finance Committee's remit is to ensure that proper scrutiny is given to the budget and expenditure of the Welsh Government, the Assembly Commission, the Ombudsman, the Children's Commissioner, the Older People's Commissioner and various Welsh Government Sponsored Bodies and NHS Bodies.

The Committee has, in broad terms, three main functions:

- to consider and report on Assembly budget proposals;
- to consider and, where it sees fit, report on the financial information presented in support of Assembly Measures;
- to consider any other matter relating to, or affecting, expenditure by the Government or out of the Welsh Consolidated Fund.

Powers

The Committee was established on 26 June 2007. Its powers are set out in the National Assembly for Wales's Standing Order 14. These are available at www.assemblywales.org

Committee Membership



Angela Burns (Chair)
Carmarthen West and South
Pembrokeshire
Welsh Conservative Party



Lorraine Barrett
Cardiff and South Penarth
Labour



Peter Black
South Wales West
Welsh Liberal Democrats



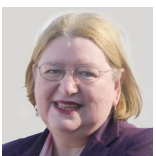
Andrew Davies
Swansea West
Labour



Chris Franks
South Wales Central
Plaid Cymru



Brian Gibbons
Aberavon
Labour



Ann Jones
Vale of Clwyd
Labour

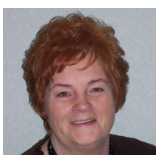


Nick Ramsay
Monmouth
Welsh Conservative
Party



Janet Ryder
North Wales
Plaid Cymru

The following Member attended meetings of the Finance Committee as a substitute during the period of this report:



Rosemary Butler
Newport West
Labour

Report on Proposed Safety on Learner Transport (Wales) Measure

Extracts from Standing Orders:

14.2 The [Finance] Committee may also consider and, where it sees fit, report on:

- i. financial information in explanatory memoranda accompanying proposed Assembly Measures;*

.....

23.18 At the same time as [the Member in charge] introduces a proposed Measure, he or she must also lay an Explanatory Memorandum which must:

(vi) set out the best estimates of:

- (a) any administrative, compliance and other costs to which the provisions of the proposed Measure would give rise;*
- (b) the timescales over which such costs would be expected to arise; and*
- (c) where the costs would fall;*

Introduction

1. The Finance Committee considered the Proposed Safety on Learner Transport (Wales) and the accompanying Explanatory Memorandum at its meeting on 4 November 2010 and took evidence from

- Ieuan Wyn Jones AM, Deputy First Minister and Minister for the Economy and Transport
- James Price, Welsh Assembly Government
- Bethan Bateman, Welsh Assembly Government

2. The Finance Committee also considered the written evidence submitted to Legislation Committee 4 in response to their consultation exercise which had included a specific question relating to the financial considerations of the proposed Measure: *What are the financial implications of the proposed Measure for organisations, if*

any? In answering this question you may wish to consider Section 2 of the Explanatory Memorandum (the Regulatory Impact Assessment), which estimates the costs and benefits of implementation of the proposed Measure.

3. In addition the Committee considered the further information provided by the Deputy First Minister in his subsequent letter to the Committee dated 2 December 2010.

Background

4. The Explanatory Memorandum says¹ that the proposed measure aims to improve the image and quality of dedicated learner transport and to ensure that safety standards are sufficiently high for the public and parents to have confidence in dedicated learner transport.

5. The Measure contains broad provisions which will enable the Welsh Ministers to make regulations in relation to dedicated learner transport which will place a duty on relevant bodies such as local authorities or a governing body of a maintained school to:

- (i) fit appropriate seat belts (part 1);
- (ii) use only single deck vehicles (part 1);
- (iii) use buses manufactured after a certain date (part 1);
- (iv) fit CCTV and meet the conditions of operation set out by the Welsh Ministers (part 2);
- (v) use vehicles which meet the “yellow buses” specification and the standards of such buses (part 1);
- (vi) provide the relevant standards of driver training set out by the Welsh Ministers (part 4);
- (vii) carry out safety risk assessments set out by the Welsh Ministers
- (viii) provide staff to supervise school buses (part 5); and
- (ix) in relation to taxis and private hire vehicles, meet the specifications set out by the Welsh Ministers (part 1).

6. In addition the Measure makes provision so that the Welsh Ministers have the power to:

- (i) create criminal offences for breaches of the safety regulations by providers of learner transport who fail to meet the prescribed requirements (parts 1 and 2);

¹ Proposed Safety on Learner Transport (Wales) Measure, Explanatory Memorandum para 1.1-1.3

- (ii) create a civil sanctions regime for breaches of the safety regulations by providers of learner transport who fail to meet the prescribed requirements (parts 1 and 2 and the Schedule);
- (iii) establish an enforcement body to enforce the regulations (parts 7, 8, 9 and 10); and
- (iv) establish a tribunal for appeals (part 6 and the Schedule).

Costs associated with the proposed Measure

7. The RIA included in the Explanatory Memorandum includes the following costs:

- **Fitting of appropriate seatbelts** – the average cost of fitting seatbelts to a 70 seat vehicle is estimated to be £11,000. A Local Government Data Unit (LGDU) survey found that 141 buses do not have seatbelts fitted whilst the position of a further 260 buses is not known. The gross installation cost of refitting 141 buses is **£1.5m**, but if a high percentage of the ‘not known’ buses require the fitting of seatbelts the gross cost could rise to **£4.5m**.
- **Replacing double deck vehicles** – it is estimated that a total of 225 single deck vehicles may be required to replace 132 double vehicles currently in operation. The gross running costs of the additional vehicles are approximately **£2.8m**.
- **Phasing out older vehicles** – The LGDU data states that 1,201 vehicles were registered before October 2001 while for 1,134 the position was not known. This suggests that up to two-thirds of the dedicated learner transport bus stock may have been manufactured before 2001. The gross additional operating cost charge per annum of replacement buses is estimated at **£10.4m** for 1,202 buses, or **£20.2m** for 2,336.
- **Fitting CCTV** - According to the LGDU report out of a fleet of 3,295 buses, 663 have CCTV fitted, 1,417 do not have CCTV installed and for 1,215 the position is not known. It would cost approximately **£2.2m** to fit CCTV to 1,417 vehicles. If the remaining 1,215 buses where the position is not known will also require the fitting of CCTV then this cost rises to approximately **£4m**. In addition approximately **£300,000 per annum** would be required to maintain the cameras
- **Supervisors on learner transport** - The cost of employing a bus escort is estimated as £6,084 per annum. The LGDU records that

827 buses have escorts, 1,605 do not whilst for a further 863 the position is not known. It is estimated that it would cost in the region of **£9.8m to £15m** to put an escort on every bus. The costs would fall if this were to be limited to putting escorts on all primary school vehicles (and excluding minibuses) 114 vehicles would cost **£694,000**.

- **Safety risk assessment** – the annual cost of administering safety risk assessment is estimated to be **£30,000**.
- **Meeting the yellow bus specification** – common features of the yellow bus specification include the fitting of seatbelts, and CCTV, the replacement of double deck buses and the provision of bus escorts. These costs are described above. The Explanatory Memorandum states that the estimated gross costs of specifying the ‘Yellow bus’ features to all learner transport buses would be between **£3.7m - £8.5m** one off costs, and **£12.9m - £18.1m** annual recurrent costs.
- **Driver training** - The cost of training is covered by a bus operator and is estimated to cost on average £150 per person. As this is a legal requirement there should not be any implication on the costs of contracts to local authorities.
- **Enforcement and administrative costs** – assuming the Welsh Government makes in-house provision for five full time members of staff, the staff salary costs are estimated at **£153,786** per annum.
- **Tribunal costs** - it is envisaged that a similar caseload and administrative arrangements to the Adjudication Panel for Wales which heard eight appeal cases in 2007/08 the estimated support costs of which were **£79,713** with hearing accommodation costs of **£4,705**.

8. The Committee welcomed the detailed analysis of costs contained within the proposed measure. It notes the Deputy First Minister’s statement² that there would be consultation on the changes which would be phased in with regard to the time frame that local authorities have for existing contracts so that changes can occur at the point of renewal. Thus if, for example, a bus operator were to buy a new vehicle, it would probably meet all of the requirements at once

² RoP p197, 4 November 2010, Finance Committee

and thus reduce the cost in relation to others that might have been specified.

9. The Committee makes the observations on the Measure below:

Observations

Fitting of appropriate seatbelts

10. The overall cost of fitting seatbelts is estimated at between £1.5m and £4.5m. The reason the estimate is so wide is because of a lack of information. The EM says³ that the School Transport Survey records that 141 buses do not have seatbelts fitted while for a further 260 buses the position is not known. The information is obtained from local authorities through a survey carried out by the Local Government Data Unit. Asked about why the information was incomplete, the DFM said⁴ that he thought that local authorities probably had the information but were not sharing. The DFM said⁵ that at the point at which the regulations would be made they would be in a position where, by law, they would need to know and so would be able to firm up all the figures. **The Finance Committee finds it difficult to understand why Local Authorities are unwilling to provide this information and is disappointed that policy planning has to proceed on the basis of incomplete data. Given the tight financial situation, it is regrettable that further effort and cost will need to be incurred in order to obtain the full picture.**

Replacing double deck vehicles

11. Annex C to the EM says that according to the Local Government Data Unit there are 132 double deck buses which carry 8,872 students. It goes on to estimate that to replace these there would be a need for 225 single vehicles and the additional running costs⁶ for these would be £2.8m. The Finance Committee was concerned that as well as these additional running costs there might be hidden costs such as at schools that might not be able to accommodate the required number of single deck vehicles. The Committee wondered also if the increase in

³ Proposed Safety on Learner Transport (Wales) Measure, Explanatory Memorandum para 8.6

⁴ RoP p215, 4 November 2010, Finance Committee

⁵ RoP p213, 4 November 2010, Finance Committee

⁶ RoP p233, 4 November 2010, Finance Committee

numbers of buses would lead to an increase in the costs of driver insurance.

12. The DFM⁷ said he did not think that the hidden costs were substantial because the vast majority of vehicles are single decker. He was not aware of any potential major difficulties in accommodating a relatively larger number of buses on school premises.

Closed Circuit Television Systems

13. The figures in the EM indicate that a significant number of vehicles do not have closed circuit television systems installed and for a further significant number the position is unknown. The Committee noted that there is also work to be done in developing the use of these systems including the training of vehicle operators in the use of these systems. Work is also required into the ways in which data can be stored so as to meet legal and other requirements. The Finance Committee noted that until this work is further progressed it will be difficult to have much confidence in the estimates of likely costs.

Collaboration between authorities

14. The proposed Measure aims to improve dedicated learner transport across Wales and many of the developments involve some or all local authorities in Wales. The Welsh Assembly Government, and indeed the Finance Committee, has for a long time been urging local government to work cooperatively and in partnership as a way of delivering better services more efficiently and effectively. The Committee hope that Local Authorities will take up the opportunities for such action that are provided by this proposed Measure.

Conclusion

15. The Finance Committee welcomes the detailed costings that have been prepared to support this proposed measure. It notes the Deputy First Ministers statement that the changes would be introduced in a way that minimises the impact on local authorities and bus operators. However, it is disappointed at the lack of information available on the current transport fleet in local authorities and that further work will be

⁷ RoP p234, 4 November 2010, Finance Committee

needed to obtain the full picture. The Committee noted the various opportunities that for local authorities to work collaboratively in taking forward the proposed measure and urges them to make every effort to pursue these.

16. Despite the DFM's confidence the Committee remains concerned that the increased number of single deck vehicles might present difficulties for some schools due to the increased space requirement. The Committee notes that further work is need on the development of Closed Circuit Television systems in learner transport.

17. The Finance Committee draws these observations to the attention of the Assembly.

Angela Burns
Chair, Finance Committee