



# Bus Policy

For most travellers in the city regions, the bus *is* public transport. This briefing looks at why buses matter and how bus policy works. It explains the significant challenges facing the sector and how city regions are backing the bus. It also sets out how the 2017 Bus Services Act could help make bus services better.

## Why buses matter

Over 80% of all public transport trips in Metropolitan areas (Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, the West Midlands and West Yorkshire) are made by bus – around one billion journeys annually and around half of all the bus trips made nationally every year outside London.

Buses deliver multiple and overlapping economic, transport, social and health benefits. In Metropolitan areas alone, bus networks are estimated to generate over £2.5 billion in economic benefits by providing access to opportunities; reducing pollution and thereby improving air quality; reducing accidents; and improving productivity.

The relatively low cost and flexibility of bus services makes the bus a key weapon in the battle against traffic congestion which costs urban economies at least £11 billion a year. Just one double decker bus can take 75 cars off the road. A new generation of cleaner, greener buses is a further boost to the environmental credentials of the bus.

Better bus services are also central to promoting social inclusion and keeping people connected to opportunity – especially the quarter of all households (and half of those on the lowest incomes) without access to a car.

For more on why buses matter, see our report, [‘The Case for the Urban Bus’](#), a detailed evaluation of the economic and social value of bus networks.

## How bus policy works

Bus services outside London were deregulated in 1986. Since then, there have been two systems of bus provision – one for London and one for the rest of Britain.

In London, Transport for London (TfL, which is accountable to the Mayor) specifies in detail what bus services are to be provided. TfL decides the routes, timetables and fares – everything down to the colour of the buses. The services themselves are operated by private companies through a competitive tendering process. There is no on-road competition.

This has given London a world-class, 24/7 bus network with a fully accessible, green and clean vehicle fleet. It has also made it possible for London to introduce integrated smartcard ticketing in the form of Oyster.

In the rest of the country, it’s a free market meaning that anyone (subject to minimum safety and operating standards) can start up a bus service. In this environment, bus operators are free to run whatever services they like as well as decide the fares they will charge and the vehicles they will use. Although in theory, it is a competitive market, in reality, most bus services are provided by five large companies who rarely compete against each other (Arriva, First, Go-Ahead, National Express and Stagecoach).

Under this two-tier system, buses in London have thrived. Since 1986/87, patronage in London has doubled, mileage has increased by 74% and fare increases have been lower than in the Metropolitan areas.

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## How bus policy works (cont'd)

Outside London, the picture has been very different. Over the same period, patronage in the Shires fell by 18% and in the Metropolitan areas passenger numbers fell further still – by 45%. Meanwhile, mileage in the Metropolitan areas fell by 3.5% whilst the Shires saw just a 13% increase over the period. Fares outside London have followed a largely upward trajectory in real terms with some of the steepest increases occurring in the Metropolitan areas.

## Tough times for the bus?

In helping to tackle congestion, connect people to jobs and services as well as cut carbon emissions, buses play a key role in enabling our cities to play a full part in rebalancing the national economy. However, the bus industry is facing major challenges in the years ahead that could threaten this vital contribution. Amongst those challenges are:

- Reductions in Department for Communities and Local Government funding for local government, putting local authority budgets for supported bus services under pressure. Local government funds bus services that would not be profitable for bus companies to run on a commercial basis. Often these are evening or weekend services or buses to isolated housing estates or rural areas.
- Meeting the rising costs for concessionary travel for older and disabled people in the context of reduced funding from Government (local transport authorities are required by law to fund free off-peak bus travel for older and disabled people).

According to research by Campaign for Better Transport, during 2016/17 around 70% of local transport authorities in England made cuts to their budget for supported bus services. They calculate that across England, cuts totalling £30 million have been made in 2016/17, with 7% of local authorities making cuts of more than £1 million.

The latest cuts come on top of previous reductions. The same research found that since 2010/11, a total of £98 million has been cut from supported services in England, a reduction in spending of 33%.

Metropolitan areas were initially able to protect their supported services from the cuts. However, maintaining this position is increasingly difficult as local authority budgets continue to be squeezed and commercial operators review the viability of less profitable routes.

Largely protected in earlier rounds of spending cuts, London transport budgets are also under increasing pressure. Government subsidy for London services is to be removed entirely by 2020, wiping almost £700 million a year from TfL's operational budget.

## Our cities – backing the bus

Despite the challenges of bus deregulation, and the current spending environment, our cities have, and will continue to, back the bus.



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## Investing in the bus

The Metropolitan areas continue to improve their vast network of close to 66,000 bus interchanges, stops and shelters which, together with local authority investment in highway improvements and upgrades to vehicle fleets by bus operators, help the bus reach its potential as an attractive, congestion-busting, green way to travel.

In Greater Manchester, for example, Transport for Greater Manchester, local authorities and bus operators have worked together to invest £88 million in Quality Bus Corridors, which now cover 172 miles of bus routes across the area. The programme has included highway and bus priority improvements, upgrades to 1,900 bus stops and the replacement of old buses with a cleaner, greener fleet. Since the scheme, punctuality and bus journey times have improved and patronage has increased by almost 20%.

Meanwhile, in London, TfL is responsible for one of the largest bus networks in the world. TfL has invested heavily in green vehicle technology over the last decade and now has one of Europe's largest fleet of hybrid buses with around 2,500 vehicles. Hybrid buses are able to reduce emissions of local pollutants and CO<sub>2</sub> by up to 30% compared to conventional buses. Notwithstanding these achievements, TfL is going further and investing in zero emission buses with the introduction of around 200 fully electric buses and 10 hydrogen fuel cell buses. The Mayor of London has set an ambitious target for London in the draft Transport Strategy, that all 9,200 buses across London should become zero emission by 2037.

TfL has invested in smart, simple ticketing—as well as the popular multi-modal Oyster card, so that passengers can now use their contactless bank cards to pay for travel on the go. The Metropolitan areas also promote multi-modal and smart ticketing, including the Pop card in Tyne and Wear, MCard in West Yorkshire and Swift in the West Midlands.

## Supporting bus services

Metropolitan areas spend over £122 million funding over 72 million kilometres of bus services that would not be viable for operators to run on a commercial basis. These include evening and Sunday bus services as well as lifeline bus services to rural areas or isolated housing estates. They also fund bus services to connect people to key employment sites that are outside of usual commuting areas or where working hours do not correspond to usual patterns. In London, these services are packaged up in the broader contracts that bus operators bid for.

By providing impartial, comprehensive travel information, transport authorities in the Metropolitan areas and London help people to make sense of their local bus services and the wider public transport network. Efforts to improve comfort, safety and security in waiting environments and on-board buses also encourage communities to make the most of their bus services.

## Providing concessionary fares

Transport authorities also administer the National Concessionary Travel Scheme for older and disabled people. London and all Metropolitan areas have enhanced the standard offer with their own additions, such as free all-day travel for some groups or extending free travel to other modes such as local trains and trams. They also offer free or discounted bus travel to other groups such as young people and jobseekers.



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## The Bus Services Act will make it easier to franchise networks of bus services

### The Bus Services Act

The Government has recognised that the existing powers that Local Transport Authorities have over bus services are not fit for purpose. In particular, the process by which Local Transport Authorities can franchise networks of bus services (in the same way that London does) is too convoluted, costly and difficult. The 2017 Bus Services Act seeks to address this by providing a simpler and more viable route for franchising networks of buses in the same way that London does. Franchising would enable Local Transport Authorities to plan, develop and regulate bus services as well as offer passengers simpler integrated ticketing and guarantees on service quality. These powers are available to Mayoral Combined Authorities as of right and for other areas at the Secretary of State's discretion.

The legislation also introduces new ways in which services can be improved within the existing deregulated market through formalising the way in which operators work with transport authorities in voluntary partnership.

These include Enhanced Partnership Schemes where a local transport authority and multiple commercial bus operators agree a Bus Plan. The operation of services is then restricted to those operators that deliver the requirements of the Plan, such as minimum vehicle quality standards or compliance with a joint ticketing scheme.

An Advanced Quality Partnership is made by the local authority, where it implements measures (for example, a bus priority scheme or a new interchange) and use of those measures is restricted to bus operators that meet agreed quality standards (typically minimum vehicle and driver standards).

The legislation also contains provisions (which at the time of writing still require full enactment) to open up data on bus services (at present passengers have limited consumer rights, such as access to information about fares) and to ensure buses are capable of providing audio-visual announcements.

### Where next for the bus?

The bus faces considerable challenges which go beyond the legislative framework (although this will undoubtedly help). This includes:

- competition from huge growth in private hire vehicles (some using new business models to charge less than it costs to provide the service)
- growing car ownership among older people
- traffic congestion
- social attitudes to the bus

The Urban Transport Group is currently looking at these wider reasons for bus decline in order to shape effective responses.

In the meantime there is also a need for reform of the way buses are funded, and for a greater share of transport spending to be routed to bus services, given the very strong benefits that investing in bus services brings.

### More information

Keep up to date with bus policy developments by visiting our online Bus Policy Hub [www.urbantransportgroup.org/resources/bus](http://www.urbantransportgroup.org/resources/bus)