

Briefing on COVID19 funding challenges for urban public transport

The Urban Transport Group brings together the public sector transport authorities for the largest city regions.

Funding challenges

Government has put in place emergency funding packages to allow public transport to be maintained during the pandemic. This funding has been welcome as it closes the gap between the costs of providing local public transport and the revenue gap created by much lower levels of patronage than normal. **However these various funding packages are nearing ‘cliff edge’ end dates. If new funding arrangements are not put in place then service cuts or fares rises, or both, will be inevitable.**

The current state of play on funding for local public transport in England is as follows:

The six English light rail systems outside London: Funding in place until June 21st. Discussions are underway with HMT / DfT on further funding beyond that date. A factsheet on the key role that light rail has played during the pandemic and will do afterwards can be found [here](#).

Buses outside London: Funding in place on a rolling basis with termination subject to an eight weeks’ notice period. The working assumption is that the notice period will be triggered when social distancing ends (which would be June 21st if the wider road map timetable goes to plan).

Discussions are underway with HMT / DfT on the funding arrangements beyond that point but we are expecting some form of transitional funding to be put in place until March 31st 2022 when the ‘transformational funding’ associated with the bus strategy comes on stream (see below).

Funding for schools transport: This is intended to end when social distancing ends rather than be aligned with the end of school terms. This could lead to considerable disruption with services scaled back for the short period between the end of social distancing and the start of the school summer holidays.

Transport for London: Funding in place until 18th May 2021.

The emergency funding that Government has provided has been very welcome. The ambitions in the national bus strategy for more and cheaper bus services provided by green and modern buses are also very welcome. As is the associated Prime



Ministerial commitment to £3bn of additional spending on bus (the bulk of which becomes available from 22/23 onwards).

However, considerable challenges lie ahead. These include:

- That public transport public patronage levels are unlikely to return to pre-pandemic levels anytime soon given changes in lifestyles and working practices during the pandemic and some of the negative messaging about the safety of public transport that came from Government earlier in the pandemic. This means that a funding gap will persist which can only be resolved via higher levels of subsidy than was the case pre-pandemic or through service cuts or fares increases, or both.
- The fragmented and siloed approach that Whitehall is taking to the different modes of public transport. So, whereas Number Ten has driven forward a bus strategy which is predicated on more and cheaper bus services, the Treasury is looking for light rail providers to cut costs after June 21st with serious potential implications for the future of these networks. This siloed approach also mitigates against the provision of the fully integrated urban public transport networks that passengers want.
- The uncertainty about both the quantum and distribution of future funding for each mode that will be available post June 21st which makes it very difficult to plan ahead – or to meet the ambitious timescales in the bus strategy for the transformation of bus services that Government wants to see
- The reluctance by Whitehall to devolve more responsibilities for funding and planning to city region transport authorities means that it remains extremely challenging to provide the most cost effective, integrated and consistent public transport network during the pandemic and at a time when socially distanced capacity is likely to come under pressure.

There is more on our wider vision for building back better on urban transport [here](#) and on the need for a new deal on urban transport funding [here](#).

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Jonathan Bray

Jonathan.bray@urbantransportgroup.org

0113 251 7445