

# Funding a better future for urban transport

## Overview

In this briefing we focus on England outside London (where the majority of our membership is) and given that London, Wales, Scotland and Northern Ireland have separate and specific funding issues and arrangements.

Government has provided additional revenue support for bus and light rail services to compensate for the effects of the pandemic from lower patronage. This has recently been extended for the first six months of the 2022/23 financial year. This funding has been welcome and without it, public transport networks would not have been able to function.

The Government is also providing significant funding for bus via Bus Service Improvement Plans and the City Region Sustainable Transport Settlements. For the areas and routes that benefit this will bring about real improvements. However, the funding available is substantially less than the £3 billion that was originally promised and not all areas and services will benefit from it. We are also still waiting for the details and allocations to be confirmed.

The main immediate challenge on funding is that it is the Government's intention that there will be no further additional revenue funding beyond September 2022. Local transport authorities have been told by Government that during the final six months of recovery funding *'one of the conditions ... will be that both LTAs and operators work closely together to ensure that effective and financially sustainable [our underlining] networks which cater for the needs of the local public are implemented once recovery funding ends. These will ensure a managed transition and that effective networks are provided to passengers, whilst the sector reaches a position where it no longer requires ongoing Covid-19 recovery funding.'*

Bus operators have indicated to us that they want to downsize networks in order to arrive at a profitable core network (indeed, in many areas cuts have already taken place or are in the process of taking place) working to the assumption that patronage will not recover to pre-COVID levels over the Summer.

If this happens then either services are lost or local transport authorities can pay for those services to continue on a route by route basis. However, local transport authority budgets are severely constrained. Where local transport authorities are able to sustain these services it would result in an ever-larger proportion of the network being paid for by local transport authorities. This means that operators can then make a return on both their commercial networks as well as a return on each of the services which local authorities are funding.

The challenges for those areas with significant light rail systems is particularly acute and given that those authorities have more contractual and fiscal responsibilities for their light rail systems, any shortfall on light rail funding could result in the funding available for supporting bus services being reduced.

## The implications of further bus network contraction

Further shrinking of the bus network would not serve the objectives of **key government policies** for decarbonisation and levelling up, including the stated objectives of the:

- **National Bus Strategy** for more, cheaper, better and greener bus services. In his foreword to the bus strategy the Prime Minister said: *‘Just as we already have in the capital, we want main road services in cities and towns to run so often that you don’t need a timetable. We want better services in the evenings and weekends, to reflect people’s 24- hour lives and to provide safe, reliable transport for key workers.’*
- **Transport Decarbonisation Plan** which says: *‘...we will make buses more frequent, more reliable, more comprehensive, easier to understand and use, better co-ordinated and cheaper – improving appeal for the bus user and non-bus user – to dramatically increase passenger numbers and reduce congestion and carbon emissions.’*
- **Levelling up white paper** which says: *‘Local transport, particularly buses, is crucial to connect people to jobs, education and wider opportunity.’*

It would also have a **disproportionate effect on low income households and areas, disabled people, women and ethnic minorities** as the following statistics show:

- Nearly a quarter of all households have no car or van available, rising to 45% for those in the lowest real income quintile.<sup>1</sup>
- People in households without access to a car make over four times as many local bus trips as those with car access<sup>2</sup>. Outside London, people in the lowest income quintile make three and a half times more trips on the bus each year than those in the highest quintile<sup>3</sup>.
- Non-White adults are more likely than White adults to live in households with no car or van. Black/African/Caribbean/Black British adults are most likely to live in households with no car or van (39% of adults, compared to 17% of White adults)<sup>4</sup>.
- 77% of jobseekers in British cities outside London do not have regular access to a car, van or motorbike<sup>5</sup>. This proportion rises to 87% for jobseekers aged 18-24.
- People employed in routine and manual occupations make more bus trips, and travel further on the bus, than those in managerial/professional or intermediate occupations<sup>6</sup>.
- Women make more trips by bus than men, with the difference most marked outside of London.<sup>7</sup>

<sup>1</sup> DfT National Travel Survey Table NTS0703 2019

<sup>2</sup> DfT Annual bus statistics: England 2019/20

<sup>3</sup> DfT National Travel Survey Table NTS0705 2019

<sup>4</sup> DfT National Travel Survey Table NTS0707 2019

<sup>5</sup> Institute for Transport Studies (2013) Buses and the Economy II: Survey of bus use amongst the unemployed

<sup>6</sup> DfT National Travel Survey Table NTS0707 2019

<sup>7</sup> DfT National Travel Survey Table NTS0601 2019

- Outside London, young people aged 17-20 make more trips on local buses than any other age group<sup>8</sup>.
- People with a disability are more likely to travel by bus than people without a disability.<sup>9</sup>

It would **also follow on from years of pre-COVID decline in bus** services and bus use (as well as above inflation fares rises). For example, in the metropolitan areas:

- bus patronage fell by 15% between 2009/10 and 2018/19
- bus fares went up by 40% (above inflation) between 2005 and 2019
- bus miles declined from 354 million in 2009/10 to 302 million in 2018/19.

## What should happen next?

### On funding...

Government should use the next six months to put in place a long term, enhanced and devolved approach to funding bus services which is:

- Capable of delivering the bus strategy's aspirations for more, better, cheaper and greener bus services. This will require higher levels of subsidy than was the case pre-COVID given that funding prior to COVID was not sufficient to prevent year-on-year decline.
- Streamlined. The system of funding that existed pre-COVID (and which is essentially intact) was not coordinated, efficient or linked to a coherent set of objectives.
- Devolved to those transport authorities who wish to take responsibility for it. This would mean that subsidies could be far more effectively targeted than is possible through either a one-size fits all national approach or if it is routed to commercial operators.

### On local control over bus services...

We welcome the recent comments of the Secretary of State for Transport following on from the failed legal challenge by operators to the TfGM franchising proposal where he said: *"This is our vision, to see buses in Manchester – indeed everywhere around the country – run just like they are in London where you're not so much looking up the timetable, you just know the next bus is on its way. I very much welcome this outcome and look forward to working with the mayor to deliver it."*<sup>10</sup>

<sup>8</sup> DfT National Travel Survey Table NTS0601 2019

<sup>9</sup> DfT (2017) Disabled people's travel behaviour and attitudes to travel

<sup>10</sup> 'Transport Secretary: Greater Manchester will lead the way for buses across the country' 11/03/22 <https://www.questmedianetwork.co.uk/news/regional-news/transport-secretary-greater-manchester-will-lead-the-way-for-buses-across-the-country/>



We believe this underlines the strong case for further simplifying and streamlining what remains a complex process for bus franchising. We have written to DfT, and provided DfT with legal input, making the case that DfT should review the experiences of using the legislation as it stands and explore how it could be improved. However, we do not feel we have had a substantive response.

### **On promoting a return to public transport...**

Throughout the pandemic messaging to public transport users in England outside London has been fragmented. Whilst London has a single 'voice of truth' in the form of TfL – in the rest of England there has been separate comms, messaging and promotional initiatives from individual rail operators, national rail, LTAs and bus operators. In addition, some of the wider government messaging on COVID highlighted public transport as a particular source of risk in a way that damaged public confidence. As we emerge from the pandemic, the promotion of a return to public transport remains fragmented in England outside London. We continue to make the case for a Government-led campaign to promote the return of public transport in a more holistic way.

**30<sup>th</sup> March 2022**