

The threat to public transport in the city regions

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

Keeping the wheels turning?

Over the course of the pandemic COVID lockdowns and restrictions have led to a dramatic reduction in public transport use and consequently revenue. As more restrictions have been lifted since the start of the year overall public transport patronage has been rising. However, it remains well below pre-pandemic levels and (without significant policy intervention) is not expected to return to pre-pandemic levels in 2022/23. At the same time the costs of providing public transport services are rising including for energy, materials, labour and contract prices.

Non London Bus Usage as a percentage of pre Covid levels (7 day moving average)



(Source: DfT Transport use during the Coronavirus)

Government has put in place a series of emergency funding packages to allow public transport to be maintained during the pandemic. This funding (currently mostly 'recovery 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, the funding packages come to an end for bus and light rail services in England outside London on April 5th and there is no indication of whether there will be recovery funding beyond that.

Most of the additional funding has been routed to private operators but some has also been routed to Local Transport Authorities.

If there is no extension of funding then it is highly likely that operators will implement significant service cuts. Local Transport Authorities are allowed to pay private operators to provide services which they no longer want to provide on a commercial basis. However, Local Transport Authorities budgets are already stretched and they would also lose the additional public transport funding that they had been getting.

A report we commissioned from the Steer consultancy (using our Met Bus Model – the most sophisticated bus modelling tool currently available) found that without an extension of recovery funding the number of bus passengers in the city regions outside London could be 30% lower than before the pandemic (some 300 million fewer journeys). There could also be 25% fewer services. The report can be downloaded [here](#).

The funding challenge for transport authorities with large light rail systems is particularly acute given that most of the costs of light rail systems are fixed so significant cost reductions are difficult to achieve (short of closing them down). They also have legal and fiscal responsibilities for their light rail systems which they do not have for bus services. So, if light rail funding isn't extended beyond March 2022, then transport authorities may be forced to make savings from spending on bus in order to keep their light rail systems operational.

At the same time, the COVID19 'recovery funding' that Government is currently providing for bus operators allows them to reduce services and increase fares to allow them to behave in a more 'commercial' manner, with further special dispensation for service reductions which operators attribute to staff shortages.

Throughout the pandemic DfT has also chosen to continue to patch and mend the flawed and inefficient way in which bus support was provided pre-pandemic as well as to route the majority of funding to commercial operators. Under bus deregulation commercial operators are able to use this funding to focus on safeguarding their own core commercial branded networks (with their own exclusive ticketing) at the expense of the provision of a wider network of integrated services which serves as many communities as possible.

Overall, the cocktail of funding uncertainty, and the way in which the Government has chosen to provide that funding, risks paving the way for private sector bus providers to rebase services around a smaller core commercial network.

Already some operators have been setting out their plans for cuts – like this service which links [Ossett to Leeds](#)

The national bus strategy – can it be delivered?

The March 2021 National Bus Strategy ([‘Bus Back Better’](#)) set ambitious goals for transforming bus services in England outside London, promising new services where there aren’t any, more frequent services where there are, cheaper fares and a greener bus fleet.

It was predicated on £3bn ‘transformational funding’ for transport authorities. All 79 Local Transport Authorities were asked to produce ambitious Bus Service Improvement Plans (BSIPs) which would realise the objectives of the bus strategy in their areas.

However, the subsequent November 2021 Comprehensive Spending Review saw a significant scaling back of the £3bn, with £1.15bn now available to fund BSIPs (alongside funding for bus contained in City Region Sustainable Transport Settlements and around £500 million for zero emission buses).

The dedicated funding for bus is considerable and will bring significant benefits. However, given that some large city regions calculated that it would cost in the region of £1 billion to deliver on the ambitions of the bus strategy in their areas, the funding now available clearly falls well short of what would be needed to transform bus services in line with both the bus strategy and the BSIPs that transport authorities were asked to produce.

There is also the danger that the remaining ‘transformational funding’ could be eaten into to provide further recovery funding given HMT reluctance to provide further COVID19 support.

Ways forward

Urban public transport is in danger of entering a new period of retrenchment and decline, following on from years of decline in bus services outside London and the body blow of the pandemic itself. Decline would undermine Government objectives both for decarbonising the transport sector and for levelling up.

To avoid this, the following needs to happen:

1. Recovery funding for bus and light rail services should be extended for a further year to allow time for the sector to recover, for post-pandemic travel patterns to become clearer and to support public transport in the event of new variants. This would also give time to for bus funding to be reformed, streamlined and enhanced for the longer term in order to deliver the aspirations of the national bus strategy. Funding should also be devolved to Local Transport Authorities so they can ensure that every pound of public money is used to support an extensive and integrated networks of public transport that are focussed on meeting local needs rather than the commercial aspirations of private sector monopolies.



2. Meeting the aspirations of the bus strategy will require significantly greater funding than is currently envisaged and there should be a reappraisal of DfT spending priorities including the £24bn budget for National Highways (which includes a significant inter-urban road building programme).

Jonathan Bray

Jonathan.bray@urbantransportgroup.org

22nd Feb 2022