



Strategic Transport Leadership Board

3 March 2023

Agenda Item 4 – Future of Bus workstream

Recommendation:

It is recommended that the Board:

- a) Notes the ongoing work and commissions underway**
- b) Notes the findings of a survey on attitudes to bus travel commissioned by EEH**
- c) Recognises the ongoing challenges of delivering bus under the current economic and prevailing service models**
- d) Discusses and agrees the proposed next steps for EEH**

1. Purpose of report

- 1.1. This report discusses the key challenges and opportunities facing bus-based transit in the region and outlines what EEH's response to these could look like.

2. Key points to note

- 2.1. Despite recent government funding interventions, the future of bus-based transit remains uncertain, with passenger numbers falling and services being cut, particularly in less populated areas.
- 2.2. New data released in February shows that bus passenger numbers across EEH in 2021/22 were 35% down on pre-pandemic levels (compared to 30% across England).
- 2.3. A survey of 7,000 people commissioned by EEH has shown cause for optimism that – with the right service levels – there is an appetite amongst people (particularly younger generations) to use the bus.
- 2.4. To address long-term decline, it is clear there needs to be a paradigm-shift in the way buses services are planned, operated and funded.
- 2.5. Proposed areas for EEH to focus its work on include understanding the implications of devolution for buses in the region; investigating the potential for 'express-style' services infilled by DRT; and doing additional work to understand cost implications.

3. Context

- 3.1. The scale of forecast population and economic growth across the region and the urgent need to decarbonise travel means that a substantial shift away from private car journeys will be needed to secure a sustainable future for the region.
- 3.2. This will require a significantly enhanced role for public transport in meeting travel needs. In some cases, this will be supported by improved or new rail services or connections but in most cases will require improved bus connectivity.

- 3.3. Buses are a critically important part of the region's transport system. They enable people to shop, visit friends and family, get to work, and access vital services. For many people buses are a lifeline as they face the current cost of living crisis.
- 3.4. Despite the importance of buses to achieving national and regional policy objectives, the perception in many areas is that buses face an existential crisis – one where a lack of funding and investment is resulting in the 'managed decline' of services, particularly in less heavily populated areas.
- 3.5. Partners across the Heartland are ambitious for bus-based transit, but without certainty or clarity of long-term funding it is difficult to plan reasonable and viable solutions.
- 3.6. Even with extra support from the government, more than a thousand routes were lost last year across the country.
- 3.7. Successes such as the Luton to Dunstable guided busway, where 20% of all trips made between those two locations are by bus, demonstrate the potential for bus-based travel in the region. There is a need to learn from successful schemes and seek to replicate it elsewhere, using new technologies and innovation to support service provision and catchment volumes where possible.
- 3.8. This paper seeks to outline the main challenges facing the bus sector. There are no simple solutions to 'solving' these challenges. However, the paper sets out potential options and asks for Board members' views.

4. Funding for buses

- 4.1. The Board will be aware that only four of 12 local transport authorities in the EEH region were successful in securing bus service improvement plan funding, and even this level of funding is not sufficient to meet the ambitions of those BSIPs in the areas that have been successful. In addition, the mix of BSIP funding is making it extremely challenging to secure a consistent offer for bus services across the region. There is also frustration about the timeliness of feedback from the government to those authorities who were not in receipt of BSIP funding.
- 4.2. Following lobbying by the Local Government Association, ADEPT and others, on 17 February the government confirmed the extension of the £2 fare cap and bus recovery grant until the end of June, easing concerns over funding in the very immediate term.
- 4.3. The Board may be interested to note LGA analysis which compared government subsidies for rail and bus. It found that the Department for Transport (DfT) spends more than £4.50 on subsidising rail passenger services for every £1 it spends on bus subsidies.
- 4.4. The Board has been clear that the government must prioritise long term support for buses so operators and local authorities can deliver vital bus services. A multi-year, long term funding stream of support for at risk routes would allow time for ridership and fares income to grow and subsidies to fall.
- 4.5. It has been equally clear that competitive funding allocations are creating inequalities in service levels and capacity across the region, while putting together multiple funding bids is a constraint on officer capacity: a long-term funding strategy is vital if solutions such as enhanced bus quality partnerships to deliver public transport for local areas are to succeed.
- 4.6. Over the several months EEH has been working with the government to ensure funding for bus-based transit is a priority. Board members also raised the issue of bus funding with the Director General for Roads, Places and the Environment, Emma Ward, when she attended the Strategic Transport Leadership meeting in December 2022.

5. Devolution models

- 5.1. The current conversation around models for bus-based transit are often framed around different models of devolution. The Levelling Up White Paper makes it viable for both level 2 and 3 deals to introduce bus franchising, but in doing so makes it a requirement that, outside of county-level unitary authorities, a combined authority must be formed.



5.2. Bus is referenced in the devolution deals for Norfolk and Suffolk, which would see the creation of directly elected leaders. While both Norfolk and Suffolk are embarking on enhanced bus partnerships (both received BSIP funding) the deal states that should they conclude 'that bus franchising is likely to deliver better outcomes, the government will consider conferring franchising powers from the Transport Act 2000 where [the local authority] demonstrates they have the capability and intention to deliver their chosen franchise model and that franchising will deliver better services than their enhanced partnership without needlessly delaying benefits to passengers'. The deal also states that following the government's reform of the bus service operators grant, should they request it to be devolved to them the DfT will work with them to do this in line with the consultation outcome.

5.3. Board members may wish to discuss the implications of greater bus powers and funding being tied to devolution deals, noting, for example, the motion passed by Milton Keynes City Council in December asking government for greater control of bus services without having to meet a set of predetermined conditions, such as the creation of a combined authority or Directly Elected Mayor.

6. Passenger numbers and operating costs

6.1. Data released in February shows that bus passenger numbers across EEH in 2021/22 were 35% down on pre-pandemic levels (compared to 30% across England).

6.2. Over the last ten years, numbers have fallen by nearly 40%, matching the average across England.

Local Authority/ Region	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Northamptonshire	19.8	20.5	19.5	18.3	18.5	19.2	18.5	17.9	17.4	7.3	[z]
North Northamptonshire	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	5.3
West Northamptonshire	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	9.5
Bedford	6.7	6.4	6.9	6.1	6.5	6.5	6.1	5.7	5.2	1.5	3.1
Cambridgeshire	21.7	21.9	22.1	22.0	20.5	20.0	19.9	19.9	19.4	5.9	12.4
Central Bedfordshire	3.9	3.2	3.4	3.3	3.9	4.0	3.6	3.4	3.3	1.6	2.2
Hertfordshire	31.9	30.7	32.8	31.5	30.4	36.8	27.7	28.3	27.1	10.3	17.5
Luton	8.3	9.6	8.5	8.1	8.8	9.8	8.5	10.3	9.8	3.7	6.7
Peterborough	10.6	10.5	11.0	11.1	10.3	10.1	9.6	9.4	9.0	2.6	5.6
Buckinghamshire	11.3	10.7	9.8	10.4	10.9	11.2	10.4	9.3	8.3	3.4	5.6
Milton Keynes	8.8	9.0	9.6	9.7	10.0	9.5	10.1	8.6	8.4	3.2	5.6
Oxfordshire	39.2	40.8	43.2	42.4	42.1	41.3	40.6	41.9	40.7	11.7	25.5
Swindon	12.5	12.0	11.6	11.7	11.8	11.7	11.9	12.0	11.9	4.8	8.7
EEH total	174.8	175.2	178.3	174.5	173.6	180.2	166.9	166.6	160.3	56.1	107.8
England	4,639.5	4,570.1	4,672.4	4,627.1	4,510.9	4,438.8	4,346.8	4,305.0	4,071.2	1,580.6	2,839.2

Figure 1 Passenger journeys on local bus services by local authority (millions)

Local Authority/ Region	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Northamptonshire	28.5	29.3	27.5	25.5	25.5	26.2	24.9	23.9	23.1	9.3	[z]
North Northamptonshire	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	14.8
West Northamptonshire	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	[z]	22.4
Bedford	42.7	39.9	42.6	37.1	39.4	38.5	35.9	33.3	29.8	8.8	16.6
Cambridgeshire	34.9	34.9	34.9	34.3	31.7	30.6	30.7	30.5	29.6	8.9	18.3
Central Bedfordshire	15.3	12.3	12.9	12.3	14.1	14.3	12.7	12.1	11.5	5.5	7.3
Hertfordshire	28.5	27.2	28.7	27.3	26.1	31.3	23.5	23.9	22.8	8.6	14.6
Luton	40.7	46.4	41.0	38.2	40.9	45.3	39.5	47.9	45.9	17.1	29.9
Peterborough	57.5	56.5	58.4	58.2	53.2	51.3	48.5	46.6	44.3	12.9	26.0
Buckinghamshire	22.2	20.9	19.0	20.0	20.5	20.9	19.4	17.3	15.3	6.2	10.1
Milton Keynes	35.4	35.6	37.5	37.3	38.1	36.1	37.9	31.8	31.3	11.9	19.3
Oxfordshire	59.9	61.7	64.9	63.1	62.1	60.5	59.5	60.9	58.9	16.8	35.2
Swindon	59.5	56.8	54.2	54.1	54.2	53.7	53.9	53.9	53.4	21.6	37.3
EEH average	38.6	38.3	38.3	37.0	36.9	37.2	35.1	34.8	33.3	11.6	21.0
South East average	39.8	39.6	40.4	40.0	39.5	39.4	38.4	38.1	36.4	12.3	23.7
East of England average	32.3	31.4	31.9	31.0	29.9	30.6	28.2	28.2	27.1	9.2	17.2
East Midlands average	46.9	45.3	44.7	43.7	42.5	41.7	39.9	39.3	35.9	12.5	24.9
South West average	39.5	37.9	39.1	39.8	39.9	40.1	39	38.8	35.3	12.3	24.1
England average	87.4	85.4	86.7	85.2	82.3	80.3	78.2	76.9	72.3	27.9	50.2

Figure 2 Passenger journeys by bus per head of population

Local Authority	Local authority supported	Commercial	Total	Proportion supported
North Northamptonshire	0.2	2.4	2.7	8.0%
West Northamptonshire	0.4	4.4	4.8	7.5%
Bedford	0.4	2.2	2.7	15.9%
Cambridgeshire	1.4	9.2	10.6	13.4%
Central Bedfordshire	0.2	2.5	2.7	6.0%
Hertfordshire	1.4	9.2	10.7	13.3%
Luton	0.1	4.4	4.5	1.3%
Peterborough	0.2	3.1	3.3	7.2%
Buckinghamshire	0.5	5.7	6.2	8.0%
Milton Keynes	0.2	4.6	4.8	4.1%
Oxfordshire	1.0	14.4	15.4	6.4%
Swindon	0.1	4.0	4.2	2.9%
EEH	6.1	66.2	72.3	7.8%
South West	17.0	76.6	93.6	18.1%
South East	13.7	110.4	124.1	11.1%
East of England	11.0	71.7	82.7	13.3%
East Midlands	6.7	65.3	72.0	9.3%

Figure 3 Vehicle miles on local bus services by local authority, and service type, England, 2021/22

6.3. At the same time, local authorities are reporting an estimated 20% increase in the cost (subsidy) of providing commercially unviable bus services than a year ago. This is due to increased fuel costs as well as the pressure caused by bus driver shortages.

7. EEH work to date

- 7.1. EEH's transport strategy, published 2021, sets out the policy framework for our work on bus and coach travel.
- 7.2. The Regional Bus Strategy, published in July 2022, complemented the work of local authority partners by setting a consistent regional vision and approach to bus travel, while also identifying opportunities to improve cross-boundary bus movements.
- 7.3. Bus-based transit has been a key consideration in our connectivity studies, which include recommendations for the delivery of bus infrastructure and new routes bringing frequent, reliable, and sustainable transport options between our major towns, main line railway stations and enterprise/ business zone sites.
- 7.4. EEH's work on mobility hubs (featured elsewhere on the agenda) also supports the sustainability of bus-based transit.
- 7.5. EEH is currently delivering a programme of presentations, toolkits, one-to-one sessions and advice notes to support local authorities to plan, deliver and promote an effective bus network. A collaboration between EEH, Transport East and Transport for the South East, it has been made possible by £300,000 of government additional funding split between the three STB regions. The packages, supported by subject experts from Mott MacDonald and Arup, run until April and cover topics including:
 - Fares and ticketing
 - Data analysis, monitoring and evaluation
 - Low cost and quick wins
 - Building a strong case
 - Bus infrastructure guidance
 - Demand responsive transport
 - Rural hubs and integration
 - Funding mechanisms
 - Marketing



- Alternative and low emissions fuels
- 7.6. EEH has also established a bus forum bringing together the public and private sector and DfT, aimed at increasing cross-boundary collaboration and shared experiences over delivery of bus services. This had its inception meeting on 26 January.
- 7.7. Guided by the Regional Bus Strategy and discussions with partners, England's Economic Heartland has several upcoming projects to support the delivery of a regional bus network covering:
- The economic case for regional bus investment
 - Potential for better provision, infrastructure enhancement and changes to service models
 - Opportunities for integrated ticketing and regional DRT
 - Costs
 - How digital technologies can be harnessed to market bus travel.
- 7.8. Representatives from Bus Operators Association have been invited to the bus forum. EEH is keen to refresh this relationship to help shape future work programmes and delivery of support.

8. Regional attitudes to bus travel

- 8.1. EEH commissioned market research agency Census Wide to carry out a survey on attitudes to bus travel via an online questionnaire in January 2023.
- 8.2. A total of 7,002 people from across all parts of the EEH region were surveyed.
- 8.3. The survey findings provide optimism over the potential to increase bus patronage, including among younger people, should the right levels of service be provided.
- 8.4. The survey highlighted:
- 60% of people who had used a bus in the last 12 months rated the quality of their local bus service as 'good'.
 - Uncompetitive journey times (particularly when compared to other modes) was the biggest reason why people were put off from travelling by bus.
 - The cost of fares was another important factor consistent across age groups and income levels, while frequency, convenience/ availability of routes, reliability and comfort were also important.
 - While responses were broadly consistent amongst gender, income level and location, there were some marked differences in attitudes between people of different ages.
 - Factors such as information, crowding, ticketing and availability of nearby bus stops were considerably more important to people under the age of 45.
 - The survey also suggested that there was an appetite, particularly amongst younger people, to use buses more if the service offering improved. Only 5% of under 45s said 'nothing' would encourage them to use buses more, compared to 11% of those aged 45-54 and 20% of over 55s.
 - 75% of respondents said they would support integrated ticketing, with more than half saying they planned to make a multimodal journey by public transport in the next year.
- 8.5. A summary of the survey's main findings is available as an annex to this paper.
- 8.6. A detailed breakdown of the responses – including at local authority level – is available should partners wish to receive it.

9. The need for action

- 9.1. In the context of what has been set out above, it is clear that there is a need for action: as such in this section we set out challenges and suggestions as to EEH's focus in the coming year.

- 9.2. Through discussions with DfT, the recent announcement of the extension of the Bus Covid Recovery Grant and £2 fixed single fares support, the indication is that government is committed to the continued support of bus services in the short term.
- 9.3. Conversely DfT and Treasury have indicated (implicitly) that there must be a new approach to bus funding and services. They have long recognised that the funding model for bus is not working. The current support/lifeline is not a long-term solution and is not delivering good value to the UK taxpayer.
- 9.4. Current funding support offered by government is very clearly anchored in the confines/framework of the existing economic model of bus service delivery in England. As outlined in section four, ridership is continuing to fall and services continue to be scrapped due to significant economic and operational pressures (largely caused by external factors) in the industry.
- 9.5. Without significant structural reform in the approach to the economics of how as a country we value bus and the benefits that it brings (in terms of wider social outcomes) or to the operation of bus and bus networks, it is likely that bus services in rural localities will continue to decline and eventually cease to exist as they become economically unviable. Even with developer funding providing a pump-prime the sustainability of routes is dependent on long term patronage which in turn is reliant on several disparate factors.
- 9.6. In urban localities where demand remains high due to density and the socio-economic makeup of the population, services will largely continue to be delivered unabated. However, it's arguable that without addressing journey time (through road space allocation/ bus prioritisation schemes) and addressing fare capping/ticketing issues, patronage/profitability will be suppressed. Increased urban bus utilisation is vital, not least given its role in also supporting the operation of less profitable routes.
- 9.7. Given how much of the EEH region is rural/peri-urban in nature simply allowing market forces to dictate the fate of the rural/intra urban bus network would be a challenging position to defend. The collapse of rural services would leave many marginalised communities cut off from opportunity and services. There is also the need for modal shift enabling the decarbonisation of the network and the alleviation of congestion in the region.
- 9.8. It is notable that other European regions have seen significant structural reform to regional public transport funding models, largely driven by the recognition that good public transport provides public good – particularly in economic opportunity and inequality, with climate benefits adding to the business case. Fixed, very low cost or even free public transport is no longer a fringe idea. More than 50 cities and towns in Europe have now introduced free public transport, citing climate ambitions and social equality as their primary motivators. Often funded by local taxes, such schemes have proved popular and have seen radical increases in patronage.
- 9.9. The challenge of how such an approach would be funded in our region and England more widely is a particularly thorny issue with the legacy of a deregulated and largely private sector operated public transport system.
- 9.10. Without a widescale shift in the approach to governance in the region there is little that EEH and our authority partners are currently able to influence regarding accessing the very significant funding required for such an approach. As above, Milton Keynes and other EEH partners have begun to assess options regarding control of bus services.

10. Proposed EEH approach

- 10.1. It is proposed that in the short-term the focus of EEH should continue to be on the operation of bus and the wider integration of the modes at a regional level. Developing and understanding what an alternative bus network might look like, what that might deliver – the benefits, opportunities and challenges that might bring.



- 10.2. At the same time, we also propose that EEH investigates what the impact and implications of different delivery models through devolution (or other) might be relating to enabling improved bus provision in the EEH region. We will challenge DfT to consider whether the current conditions for securing increased decision making over public transport provision (in a devolution deal for example) are proportionate given the scale of the change required.
- 10.3. In the short term, EEH will focus on re-imagining how a “gold-standard” network and services (outside of our urban areas) connecting EEH’s places of strategic importance could operate. There are several models that could be explored and EEH are (as above) working with operators and technology providers to understand what this could look like at a regional level.
- 10.4. In the first instance EEH will investigate the development of a network of express direct/semi direct services with fewer stops providing shorter journey times between key nodes: replicating the direct nature the rail network (particularly for places with poor rail connectivity) and offering more car competitive journey times would improve perceptions of business travellers and commuters. The Oxford Tube model provides a good example of this in our region.
- 10.5. Such network could be ‘infilled’ utilising a localised demand responsive transit (DRT) service (as Via currently provide in Milton Keynes) acting as a feeder to a small number of key interchanges on main routes.
- 10.6. Fundamentally as a region we do not have a strong grasp on the current cost of operation of the network and intraregional services. It follows therefore that we do not have a grasp of what costs might be of any new service, though we recognise that currently DRT is around three times the cost of fixed route services. Understanding the headline cost /benefits of both the current and proposed service approach will be key to developing any options or, further still, proposition to government.
- 10.7. We must also recognise that any suggestions to move away from the current provision could be met with some resistance and as such must be addressed with some sensitivity.
- 10.8. The regional bus operators are in a challenging position and have looked hard for new routes and trailed new services. They have often challenged authorities to support them in this endeavour through demand management and the provision of better facilities/interchange. We recognise that where localities have made efforts to increase the attractiveness there has been some success.
- 10.9. Any technology led solutions should also be looked at in the round: For example, Oxfordshire County Council have (historically) as part of a wider EU project assessed the impacts of app-based ticketing on marginalised communities. Findings were stark: a disproportionate number of older passengers did not have access to the app-based booking system and as a result felt excluded from accessing new approaches to delivering services.
- 10.10. Finally, EEH will continue to work to understand the barriers to change and crucially, work with our partners to develop better understanding of demand and the opportunities to enable mode shift across the region.

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EEH Business Unit
February 2023