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# Time is running out for public transport

Despite the ongoing impact of the pandemic, no emergency funding support for public transport is available after March 31

It's been a shaky start to the new year for public transport. But whilst the lifting of restrictions offers fresh hope, there could still be rough times ahead as the ending of Covid support for public transport looms.

Pre-Christmas, although the 'work from home where you can' advice hit public transport's core commuting market hard, a binge on shopping and socialising kept patronage afloat. This was followed by a post-Christmas hard landing where patronage collapsed in some places. Since then, patronage has been clawing its way back upwards. Assuming that Covid doesn't spring any more surprises (and that's a big assumption), then before long we could have a better idea of roughly what kind of return to the workplace we are looking at, and what the new baseline for public transport use is. It may take some time (perhaps six months?) for many employers and their employees to arrive at whatever their new ways of hybrid working between home and workplace are, given how messy and complicated the trade-offs can be.

Either way, it seems likely - all other things being equal - that the new baseline of demand will be below what it was before the pandemic. Meanwhile, the Department for Transport won't share its projections on which the recovery funding up to March 31 is based, so it's not clear whether there is going to be enough in the kitty given the Omicron episode. And beyond March 31, a case will need to be made to Treasury ministers which will be strong enough to overcome their starting position, which is that the end of March is their latest line in the sand for additional Covid funding across the economy as a whole. It's also likely that if and when HMT give ground it will happen close to the wire, because that's the way they like to roll. The DfT has sought to accommodate this by shortening registration periods but the problem is that local transport authorities and bus operators still have to plan and set budgets and timetables before that.

All of this points to operators moving to rebase commercial networks at a significantly lower level than they were pre-pandemic (and some are now starting to break cover on this). The onus then passes to local transport authorities to step in and pay private operators to keep services running. But local transport authorities themselves have limited resources to do so and the prices that operators are quoting for keeping those services running have soared (price increases of 50% are not uncommon). This reflects both rising costs and operators taking advantage of low levels of competition for tenders to name a take-it-or-leave-it price and secure a robust income stream in an uncertain environment.

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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 making significant cost reductions 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.

On top of that, there are plenty of other wicked problems to contend with. The bus industry (with an already ageing workforce) is competing for staff at a time when there is a driver shortage as a whole. Why put up with the hassle of shifts and abusive passengers when you get more money and less stress working elsewhere? And unlike for road haulage, where the DfT has a proactive and multi-pronged strategy for addressing multiple aspects of the driver shortage affecting the industry, there is no equivalent wide-ranging DfT strategy for driver shortages on the buses. Since the autumn, the longer range driver shortage challenges were then exacerbated by Omicron and associated self-isolation and further exacerbated by industrial relations getting a whole lot scratchier. Industrial action has been on the rise as staff who kept the show on the road during the pandemic and are staying in the industry seek to make good on their stronger negotiating position. Rising labour costs are also part of a wider inflationary environment - particularly on energy costs (for the unhedged).

It wasn't meant to be this way of course. The national bus strategy for England, launched in March 2021, envisaged a new dawn for buses with more, cheaper and greener bus services everywhere. It was predicated on £3bn of additional 'transformational' funding and on the tacit assumption that the pandemic would soon be over. However, the pandemic is still here and in the November 2021 spending review the Treasury didn't countersign the £3bn cheque that Number 10 wrote. We still don't know how the bus money that the Treasury did agree to will be divided up via the BSIP (Bus Service Improvement Plan) process. If more of it isn't purloined for additional Covid revenue support, then this additional investment will be a shot in

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the arm for bus services in the areas that benefit - including through more bus priority schemes. It also comes on top of the investment in bus infrastructure that is contained within the City Region Sustainable Transport Settlements.

There are also indications that in 2022 more elected politicians are ready to make the tough choices that the wider decarbonisation imperative demands - most recently Sadiq Khan flagging the need for a more comprehensive charging regime for London. Indeed, the big picture is that there needs to be a far wider realignment of the cost and ease of public transport use and the cost of private motoring. A realignment that is miles away from talk of allowing bus networks to become more commercial again, recovery funding and all the rest of it. Because the truth is that if we want the kind of bus networks that the national bus strategy envisages, then as part of that realignment we would also need to move towards the levels of subsidy for public transport that buy you those kind of outcomes in comparator countries - not sink back to the same levels of revenue subsidy that guaranteed network decline in Great Britain prior to the pandemic.

**"The danger is that the good stuff that's coming for bus from BSIPs and the City Region Sustainable Transport Settlements will be too little and too late"**

But returning to the framework we are all working within now, the danger is that the good stuff that's coming for bus from BSIPs and the City Region Sustainable Transport Settlements will be too little and too late to prevent the first half of 2022 from seeing another lurch downwards in the scale and extent of bus networks - following on from years of pre-Covid decline and the hammer blow of the pandemic itself. There's still time (but not much) to avert this. It could be done through devolving adequate funding to transport authorities to support networks in a planned, integrated and cost efficient way (rather than allowing the DfT to continue to take the path of least resistance and route Covid funding to private operators so that they can manage bus service decline in a way that serves their own commercial and corporate interests). It would also require a national strategy for tackling driver shortages as well as pressing the fast forward button on allocating the funding promised in the spending review to improve bus services so that transport authorities can crack on without further clawback and second guessing from Whitehall. Time is running out though. ■

**ABOUT THE AUTHOR**

Jonathan Bray is the director of the Urban Transport Group. Throughout his career in policy and lobbying roles he has been at the frontline in bringing about more effective, sustainable and equitable transport policies.