

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?

COVID lockdowns led to a dramatic reduction in public transport use and consequently revenue. When all restrictions were lifted in the Summer there was a strong if incomplete return to public transport but which had begun to stall even before the emergence of the new variant. The Plan B guidance on working from home will inevitably result in a reduction in the use of public transport for commuting.

Government has put in place a series of 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, the funding packages come to an end for bus and light rail services in England outside London at the end of 21/22 and there is no indication of whether there will be COVID19 funding support beyond that. In addition, it is not clear whether the funding packages that are currently in place will be sufficient given they appear to have been based on more optimistic scenarios for patronage return than looks likely to be the case.

Without adequate funding to close the COVID funding gap local transport authorities will have to reduce funding for the socially necessary bus services they support and/or the funding they give to operators to recompense them for free travel for older and disabled people under the National Concessionary Travel Scheme. The effect of the latter will likely lead to reductions in services by private bus operators.

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 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.

In addition, driver shortages are a serious problem for bus services with operators taking different approaches to both how they manage these shortages (in terms of whether the service reductions are short term or long term and whether they are focused on frequent routes or less frequent routes). Operators are also taking different approaches to how much effort and resource they are putting into recruiting staff. Also, and unlike for road haulage where the DfT has a proactive strategy for addressing multiple aspects of the driver shortage affecting the industry, there is no equivalent strategy from DfT for the driver shortage crisis on the buses.

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

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 £1.2bn 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. In order to protect existing levels of public transport provision in the city regions we need longer term certainty around revenue funding in order to plug the revenue gap caused by COVID. That 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. The DfT needs to urgently implement an action plan to address driver shortages in the bus industry (akin to the one it has in place for the road haulage industry) and to prevent short term driver shortage challenges leading to long term bus service cuts.
3. 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 inter-urban road building programme.

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