

Public transport under pressure in the city regions

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.

Public transport in the city regions is facing significant challenges:

- **Patronage** (and therefore revenue) remains well below pre-pandemic levels
- Bus networks are experiencing **significant and permanent service reductions** (which follows on from years of service reductions pre-pandemic)
- The **reliability of bus and rail services** can be poor due to a staff shortages in a competitive labour market; poor recruitment and retention practices; and industrial disputes relating to the cost of living crisis. In some areas unreliability of services is becoming endemic leading to people changing what they do and the way they travel
- **Higher costs** – with light rail systems particularly affected by rapidly rising electricity prices
- Excessive micro-management by Whitehall, delays and **uncertainty around key funding** streams that were already allocated in principle; as well as uncertainty about future funding

Revenue support for bus and light rail

Government has provided additional revenue support for bus and light rail services to compensate for the effects of the pandemic from lower patronage. This funding has been welcome and without it, public transport networks would not have been able to function during the periods of COVID restrictions.

However:

- the conditions on the funding have allowed bus services to be reduced by up to 20% (sometimes more in practice) compared with the networks provided prior to COVID (which in themselves had been substantially reduced in scope over time)

- the additional funding for light rail has ended and will end for bus by April 2023
- Light rail systems are not covered by the DfT's plan for a three month bus fares cap (and the associated additional support DfT will be providing for this scheme) from January to March 2023. This risks abstraction of passengers from light rail to bus.

When operators cut bus services, local transport authorities can pay for those services to continue on a route by route basis. However, local transport authority budgets are severely constrained; competition for these services is limited (sometimes no bids at all are received); and contract costs have soared. This system also means that operators can then make a return on both their commercial networks as well as a return on each of the non-commercial services which local authorities are left to fund.

The impact of rising energy prices for light rail

Although each light rail system is funded differently (and also has different energy supply contracts) the rising cost of electricity is a threat to their financial viability. The Government has included light rail within the current energy cap regime for business but it is vitally important that this continues to be the case in the future under any wider energy capping regime.

Uncertainty, micromanagement and delay over existing funding allocations

Government have made capital allocations for improvements to active travel and public transport to Mayoral Combined Authorities via City Region Sustainable Transport Settlements; capital and revenue allocations for improvements to bus services in some areas through the Bus Service Improvement Plans and funding for active travel to some areas through the Active Travel Fund.

This funding is welcome and should bring about tangible improvements to public transport and active travel in the areas that benefit.

However, the process has become very elongated with different officials at different Departments (Number Ten, DfT and HMT) second guessing and seeking to micro-manage schemes and projects on the basis of differing views and shifting objectives.

Consequently, there has been very slow progress in allocations being settled and then for funding for agreed allocations to be paid out. This in turn has slowed down the speed of delivery which has now also been affected by inflation which means that it will be very difficult to deliver the schemes that were first presented to the DfT.

The impact of further cuts in bus networks

Further shrinking of the bus network would be detrimental for growth and decarbonisation. 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 quintile¹
- People in households without access to a car make over four times as many local bus trips as those with car access². 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 quintile³
- 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)⁴
- 77% of jobseekers in British cities outside London do not have regular access to a car, van or motorbike⁵. 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 occupations⁶
- Women make more trips by bus than men, with the difference most marked outside of London⁷
- Outside London, young people aged 17-20 make more trips on local buses than any other age group⁸
- People with a disability are more likely to travel by bus than people without a disability⁹

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:

¹ DfT National Travel Survey Table NTS0703 2019

² DfT Annual bus statistics: England 2019/20

³ DfT National Travel Survey Table NTS0705 2019

⁴ DfT National Travel Survey Table NTS0707 2019

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

⁶ DfT National Travel Survey Table NTS0707 2019

⁷ DfT National Travel Survey Table NTS0601 2019

⁸ DfT National Travel Survey Table NTS0601 2019

⁹ DfT (2017) Disabled people's travel behaviour and attitudes to travel

- 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 revenue funding...

We need to put in place a long term, enhanced and devolved approach to funding local public transport services which is:

- Capable of delivering the national bus strategy's aspirations for more, better, cheaper and greener bus services and for sustaining light rail systems. This will require higher levels of subsidy than was the case pre-COVID given inflationary pressures and that funding prior to COVID was not sufficient to prevent year-on-year decline in bus use.
- Streamlined. The system of funding for buses that existed pre-COVID (and which is essentially intact) was not coordinated, efficient or linked to a coherent set of objectives. Funding models for light rail systems also varied with some not receiving any Government revenue support even where they took on the role that used to be provided by Government supported national rail services and bus services.
- Devolved to those transport authorities that 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 delivery of capital projects...

Capital funding streams need to be internally de-ringfenced and the process by which DfT approves and provides funding speeded up. This will allow transport authorities to get on with the job of delivering the capital schemes that best meet local needs and also allow them to prioritise (given inflation).

On staff shortages, retention and recruitment...

We need a Government response commensurate with the scale of the challenge. This could include: facilitating learning across the industry about good practice and what works; revenue settlements that facilitate pay and conditions that are attractive in a competitive labour market; dealing with any bottlenecks at DVSA which are causing delays in getting new bus drivers behind the wheel.

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