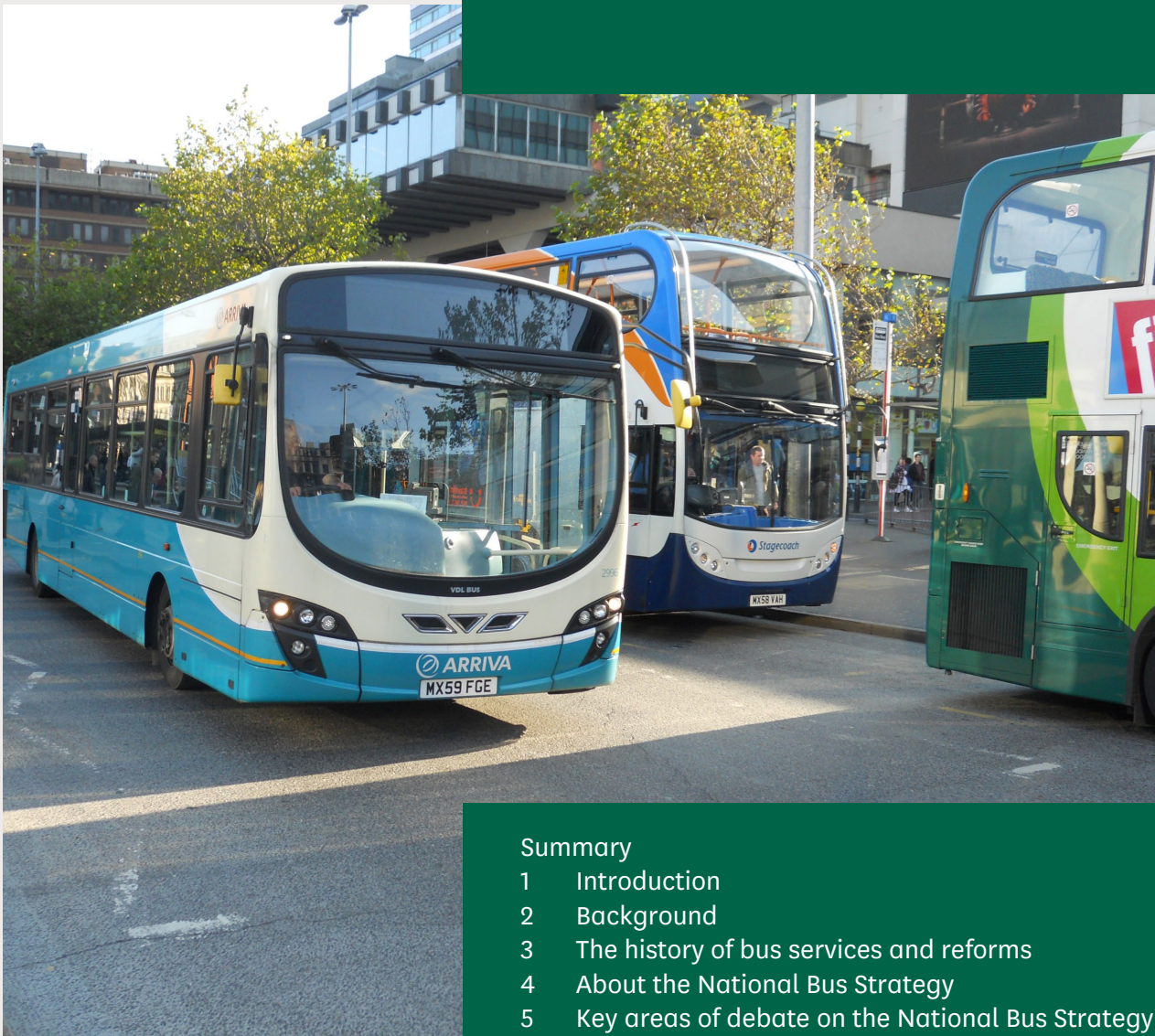


Research Briefing

By Lewis Pickett

17 May 2022

The National Bus Strategy: Bus policy in England outside London



Summary

- 1 Introduction
- 2 Background
- 3 The history of bus services and reforms
- 4 About the National Bus Strategy
- 5 Key areas of debate on the National Bus Strategy

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Summary

On 15 March 2021, the Government published [Bus Back Better: The National Bus Strategy for England](#).

Bus journeys have been in decline for decades across most of England, but remain the most used form of public transport.

Before the coronavirus pandemic, previous reforms had slowed the rate of decline, but not stopped it. The pandemic led to even steeper declines in bus usage. [Official data from the Department for Transport](#) shows journeys have yet to fully recover to pre-pandemic levels.

This briefing covers the reforms in the National Bus Strategy, how and why bus journeys have declined, previous reforms and debate.

About the National Bus Strategy

The [National Bus Strategy for England](#) describes the Government's vision for bus services in England outside of London. The main aim of the strategy is to increase bus journeys, firstly by returning the overall number of journeys made by bus to pre-Covid levels and then to exceed it.

To achieve this, the [National Bus Strategy](#) plans to bring services across England closer to London standards, with more services, simpler and cheaper fares, more bus lanes and greener and more accessible buses. The Mayor of London is responsible for London's buses, which are run by a subsidiary of Transport for London.

Bus services affect the priorities of two-thirds of Government departments, according to a [report by the National Audit Office](#). This includes the Government's 2050 net zero target and its Levelling-Up agenda. In 2019, most UK greenhouse gas emissions from transport (55%) came from cars, compared to only 2.5% from buses and coaches, according to the [Government's transport decarbonisation plan](#). The National Bus Strategy helps achieve the Government's net zero target by encouraging more people to travel by bus than drive and by converting diesel buses to zero emission alternatives. Improvements in bus services also help deliver the Government's Levelling-Up agenda, [according to a report from KPMG](#) by providing better connections between homes, jobs and economic centres", which supports local economic growth.

The National Bus Strategy set out the following reforms to help deliver these aims:

- a greater role for local transport authorities in planning local bus services.
- guidance for local transport authorities on the provision of socially and economically necessary services.
- local Bus Service Improvement Plans - joint plans produced by local transport authorities and operators - setting out how each area will deliver the goals and expectations of the National Bus Strategy.
- measures to tackle the negative impact congestion has on bus services, including bus priority measures and new powers and guidance for local transport authorities.
- reforms to the Bus Service Operators Grant (BSOG) – a fuel subsidy paid to operators and local transport authorities.
- measures to increase the uptake of zero emission buses.

Progress so far

The impact of the pandemic, especially on work and travel patterns, continues to affect progress against the main objectives of the National Bus Strategy. [Bus journeys have not returned to pre-pandemic levels. Commuter journeys, for example, are still 25% below pre-Covid levels. Research by Transport Focus](#), a consumer watchdog, shows many people are still concerned about the health risks of travelling by bus.

The sector remains reliant on Covid-19 support from central government to fill the gap between the shortfall in passengers and increasing costs on operators, such as rising fuel prices. In March 2022, [the Government announced extra Covid-19 funding for the sector](#) until October 2022.

In March 2022, the [Transport Select Committee launched an inquiry to investigate the Government's progress on the National Bus Strategy](#). The Government informed the Transport Committee that since the strategy was published:

- [Most local transport authorities \(76 out of 79\) have opted to form an Enhanced Partnership](#), a statutory partnership with local operators, which will see them play a greater role in planning local services.
- Three mayoral combined authorities plan to bring local services under public control by franchising bus services.

- [All 79 local transport authorities have published their local Bus Service Improvement Plan](#). These plans include local targets for increasing bus use, along with interventions, such as bus lanes, to help achieve the goals of the National Bus Strategy.

In March 2022, the [Government announced it was on track to deliver the Prime Minister's pledge for 4000 zero emission buses](#). So far, the Government has provided funding for 2,000 zero emission buses across Great Britain. The Government is also [consulting on plans to phase-out the sale of new non-zero emission buses](#) from 2032 at the latest.

Key areas of debate on the National Bus Strategy

Do councils have enough control?

The Government argues that Enhanced Partnerships give local transport authorities a greater role in planning services, but also continue to value the entrepreneurial skills operators have and ensure they have a say in how services are run. The [Department said these partnerships also provide a faster and cheaper way of delivering the most important interventions](#) – such as bus priority measures – that will increase passenger numbers. However, for others, these partnerships do not give local transport authorities enough control. The [Centre for Cities' report in June 2021](#) argued that only franchising can provide metro mayors with meaningful control over local services.

Is there enough money?

Of the 79 local transport authorities, 34 will receive central government funding to help deliver their local Bus Service Improvement Plans. This is because the total amount needed to deliver these plans in full greatly exceeded the funding available. [Analysis by the Confederation of Passenger Transport](#) suggested over £10 billion would be needed to fully deliver these plans. [The Campaign for Better Transport's view](#) is that “improving buses in a minority of places does not live up to the promise of a National Bus Strategy.”

History of bus services and reforms

Long-term decline in bus passengers

People have been taking fewer bus journeys across most of England since the 1950s. Much of the decline occurred before the bus sector outside of London was deregulated in 1986, as shown by [official data on local bus journeys](#).

The [National Audit Office in October 2020](#) reported that the average numbers of bus journeys per person per year fell in most local authorities (70 out of 88) from 2010/11 to 2018/19. A few areas managed to increase the number of local bus journeys. The most notable example is London. The [National Audit Office reported](#) that journeys in London increased by over 75% from 1.3 billion in 2000/01 to a high of 2.4 billion in 2013/14.

Bus reforms

In the mid-1980s, the then Conservative Government deregulated the bus market. The [Transport Act 1985](#) enabled private operators to compete directly for passengers. The then Conservative Government anticipated that competition would incentivise operators to keep costs down, lower fares and provide more services that customers want. The 1985 Act also removed the duties on local authorities to coordinate local bus services. Where the market failed to provide services, local transport authorities could choose to subsidise them. The then Transport Select Committee's [report on bus services outside London](#) in May 2019 concluded that “deregulation has, at best, done little more than slow the decline in bus use.”

Since deregulation, successive governments have introduced reforms giving local authorities options to exert more influence and control over local bus services. The [Bus Services Act 2017](#), for example, introduced new models of partnership working and powers for local transport authorities to franchise services, although only metro mayors and Cornwall, via its devolution deal, can do so without the Secretary of State's permission. However, before the National Bus Strategy the uptake of these powers was limited and made little difference in the context of the wider funding pressures on local authorities, according to the [National Audit Office's report](#).

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1 Introduction

Bus journeys have been in decline for decades across most of England.¹ Before the coronavirus pandemic, previous reforms had slowed the rate of decline, but not stopped it.²

To respond to this decline, the Government committed to bring forward the “UK’s first ever long-term bus strategy”, alongside a long-term funding settlement, as part of its Better Deal for Bus Users in September 2019.³ This decision followed the Transport Select Committee’s recommendation in May 2019 that the Government should introduce a National Bus Strategy by the end of 2020, something bus operators, councils and passenger groups were all in favour of.⁴

In February 2020, the Prime Minister set out his government’s vision for bus services and announced £5 billion for local transport to be spent over the Parliament.⁵

On 15 March 2021, the Government published [Bus Back Better: The National Bus Strategy for England](#), in the midst of the Covid-19 pandemic.⁶ This briefing:

- provides background on why bus services are important, the different models for running bus services and how bus services are funded.
- sets out the main reforms contained within the National Bus Strategy, including how these reforms contribute to the Government’s Levelling-Up ambitions and its 2050 net zero target.
- looks at why there’s been a decline in bus journeys and the effect of previous bus reforms.
- sets out areas of debate around the delivery of the strategy.

¹ See DfT, [Local bus passenger journeys](#), BUS0103

² House of Commons Transport Committee, [Bus services in England outside London](#), HC 1425, May 2019

³ Department for Transport, [A better deal for bus users](#), September 2019 [last updated in February 2020]

⁴ House of Commons Transport Committee, [Bus services in England outside London](#), HC 1425, May 2019

⁵ Department for Transport, [Major boost for bus services as PM outlines new vision for local transport](#), 10 February 2020

⁶ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

2

Background

2.1

Why are bus services important and who uses them most?

Buses are the most used form of public transport.⁷ In 2019, over half of all journeys on public transport by those living in England outside London were by bus.⁸

Bus use is more common among women, people aged 17 to 20 and those aged 70 and over, people from minority ethnic groups, people on lower incomes and people living in households without a car.⁹ Bus use is also more common among those who live in urban areas. Outside London, the average number of bus journeys per person per year in 2019/20 ranged from over 100 in towns and cities such as Brighton, Nottingham and Reading to under 10 in more rural areas.¹⁰ In urban areas, the number of bus journeys per person per year tend to be above the national average.¹¹

Many people rarely use the bus, even though it is the most common form of public transport. Around 50% of people use the bus less than once a year. However, around 25% of the population use the bus at least once a week.¹² The most common reasons for travelling by bus are for work, education, shopping and leisure.¹³

Bus travel helps the Government achieve a mix of economic, social and environmental policy objectives, including major policies such as Levelling-Up.¹⁴ The National Audit Office (NAO) found that bus services affect the priorities of two-thirds of Government departments.¹⁵

⁷ Department for Transport, [Transport Statistics: Great Britain](#), December 2019, page 3

⁸ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 1

⁹ Department for Transport, [Annual bus statistics: England 2019/20](#), October 2020, pages 18-19

¹⁰ Department for Transport, [Annual bus statistics: England 2019/20](#), October 2020, page 6

¹¹ Department for Transport, [Annual bus statistics: England 2019/20](#), October 2020, page 6

¹² Department for Transport, [Annual bus statistics: England 2019/20](#), October 2020, page 17

¹³ Department for Transport, [Annual bus statistics: England 2019/20](#), October 2020, page 17

¹⁴ KPMG, [Maximising the benefits of local bus services](#), July 2020

¹⁵ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 1.2

2.2

How are bus services run?

Commercial bus services

Since the mid-1980s, bus services outside of London have been deregulated. As result, most bus services have been run by private bus companies on a commercial basis.¹⁶

The bus market outside of London is made up of private companies, which range from large multi-nationals through to small, family-run businesses, and a handful of municipal bus companies owned by local transport authorities.¹⁷

Since the bus market was deregulated in the 1980s, most decisions about local services – the routes, frequencies and fares – have been taken by individual bus companies.¹⁸ Alternatives approaches exist across England, where local transport authorities, namely councils with responsibilities for transport, play a greater role in decision-making (see Section 2.3).

Local authority supported services

Bus operators often struggle to sustain commercially viable routes and services to rural areas and places on the outskirts of towns and cities.¹⁹ Where the market fails to provide these services, local transport authorities can subsidise them if they consider them to be socially necessary.²⁰ These are known as “supported services”.²¹ Local transport authorities tender these routes and services from private operators.²²

Between 2010/11 and 2018/19, most local transport authorities (72 out of 85) reduced their spending on supported services, many (42 local transport authorities) by more than 50%.²³ Some 14 local transport authorities provided no funding for supported services in 2018/19, compared to only four in

¹⁶ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev52, para 4.1

¹⁷ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 1.9

¹⁸ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 2

¹⁹ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 3.4

²⁰ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 1.10

²¹ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 1.10

²² National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 1.10

²³ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 12

2010/11.²⁴ Support fell most in non-metropolitan areas, such as rural counties, according to the NAO.²⁵

How are bus services funded?

Bus services are funded through income from fares and funding from central and local government. In 2018/19, most of the income bus operators received (59%) came from fare-paying passengers.²⁶ The remaining 41% came from public money.²⁷ Sources of central and local government funding for bus services include:

- the Bus Service Operators Grant – a subsidy paid by the DfT to bus operators, community transport operators and local transport authorities to help them recover the cost of fuel.²⁸
- local authority funding for subsidised services.
- funding to reimburse operators for concessionary fares, including statutory and discretionary concessions.²⁹

From 2010/11 to 2018/19 net government revenue expenditure on bus services outside London fell from £1.7billion to £1.3billion – a fall of 26%.³⁰ The fall was greater outside cities, falling by 41% in non-metropolitan areas compared to 23% in metropolitan areas.³¹

²⁴ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 2.11

²⁵ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 2.11

²⁶ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 2.2

²⁷ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 2.2

²⁸ Bus operators need to be pay fuel duty. The Bus Services Operators Grant is a subsidy paid to bus operators, community transport operators and local authorities to recover part of that duty. The amount paid via the grant is based on an operator's annual consumption of fuel.

²⁹ Under the English National Concessionary Travel Scheme, people over the state pension age and people with an eligible disability are entitled to free travel on local bus services from 9:30 to 23:00 on weekdays and at any time on the weekend or on bank holidays. These are statutory concessions which local authorities must provide by law. Councils can choose to fund other discretionary concessions themselves. Councils receive funding from the Department for Levelling-Up, Housing and Communities. This funding is expected to be used to cover the scheme, but is not ring-fenced

³⁰ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 2.5

³¹ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 2.5

2.3

Alternative ways of running bus services

Below are some alternative ways bus services are run across England and internationally.

Voluntary partnerships

Voluntary bus partnerships are agreements between local bus operators and local transport authorities. They have taken different forms; some voluntary partnerships have involved contracts whereas other have not. Through these partnerships, local transport authorities and operators have made joint commitments to invest in improving bus services.³² The NAO, in 2020, reported there were some well-established partnerships across England, although they also noted that the informal nature of these partnerships meant the DfT did not have reliable data on the extent to which they were used.³³

Statutory partnerships

Local transport authorities and bus operators have also been able to form statutory partnerships. These have been available in different forms since the late 1990s.³⁴ The Bus Services Act 2017 provided for two forms of statutory partnership: Enhanced Partnerships and Advanced Quality Partnerships.³⁵

These formal partnerships are created, or ‘made’, by local transport authorities.³⁶ Under both types, local transport authorities agree to provide certain facilities and measures and, in exchange, local operators agree to deliver certain service standards.³⁷ Local transport authorities, for example, may agree to fund bus lanes, parking restrictions or other facilities which make bus services more attractive and profitable. Operators, in return, agree to a set of standards, such as on the time and frequency of services.³⁸ Under an Advanced Quality Partnership, local operators only needed to comply with these standards if they chose to use the facilities and measures local

³² House of Commons Transport Committee, [Bus services in England outside London](#), HC 1425, May 2019, para 22

³³ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 3.6 & 3.9

³⁴ Part II of the Transport Act 2000 introduced a form of statutory partnership called Quality Partnership Schemes.

³⁵ House of Commons Transport Committee, [Bus services in England outside London](#), HC 1425, May 2019, para 20

³⁶ Department for Transport, [The Bus Services Act 2017 Advanced Quality Partnership Schemes Guidance](#), January 2018, para 3.1

³⁷ Department for Transport, [The Bus Services Act 2017 Advanced Quality Partnership Schemes Guidance](#), January 2018, paras 3.2 and 3.3

³⁸ Department for Transport, [Bus Services Act: new powers and opportunities](#), November 2017, paras 3.9-3.12

transport authorities provided.³⁹ In contrast, all local operators (e.g. within the area covered by an Enhanced Partnership) must comply with the standards introduced under an Enhanced Partnership. Local transport authorities, however, can only introduce an Enhanced Partnership if a defined population of local operators agree.⁴⁰ Under an Enhanced Partnership, local transport authorities and operators can agree to a broader set of measures than is possible under an Advanced Quality Partnership. For example, under an Enhanced Partnership local transport authorities and operators can set a price for multi-operator tickets, which is not possible under an Advanced Quality Partnership.⁴¹ Box 1 below explains what Enhanced Partnerships entail, including what they consist of, how they are created and what these partnerships mean for local transport authorities and operators.

Franchising

Franchising is where a contracting authority (e.g. a local transport authority) specifies the local services it wants – the routes, services, fares, vehicle standards etc - through contracts with operators. Operators compete through a tendering process for the right to operate services in an area.

The Bus Services Act 2017 amended the Transport Act 2000 to provide for bus franchising schemes in England.⁴² Franchising powers allow local transport authorities to grant operators exclusive rights to run services on a route or in an area.⁴³ These exclusive rights can be applied to the whole of a local transport authority's area or parts of it.⁴⁴ Only metro mayors and Cornwall, via its Devolution Deal, have automatic access to franchising powers. Other local transport authorities need secondary legislation to access them. A local transport authority then needs the Secretary of State for Transport's approval before it can introduce a franchising scheme.⁴⁵ Local transport authorities must also follow a statutory process to introduce franchising.⁴⁶ More information about the process for introducing bus franchising is available in the Government's [official guidance](#) and Section 4.4 of the Library's briefing on the [Bus Services Act 2017](#).⁴⁷

Franchising is a common model used in London and in Europe.⁴⁸ It can take different forms. For instance, London Bus Services Limited, a wholly-owned

³⁹ Department for Transport, [The Bus Services Act 2017 Advanced Quality Partnership Schemes Guidance](#), January 2018, para 3.3

⁴⁰ Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021, para 1.7

⁴¹ National Audit Office, [Improving local bus services in England outside London](#), October 2020, Figure 15

⁴² [Bus Services Act 2017](#) ; Part II of the Transport Act 2000 introduced a form of Quality Contract Schemes, which allowed local transport authorities to adopt franchising-like powers.

⁴³ [Bus Services Act 2017](#)

⁴⁴ [Bus Services Act 2017](#)

⁴⁵ Department for Transport, [The Bus Services Act 2017: Franchising Scheme Guidance](#), November 2017

⁴⁶ Department for Transport, [The Bus Services Act 2017: Franchising Scheme Guidance](#), November 2017

⁴⁷ House of Commons Library, [Bus Services Act 2017](#), CBP 7545, August 2018; Department for Transport, [The Bus Services Act 2017: Franchising Scheme Guidance](#), November 2017

⁴⁸ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

subsidiary of Transport for London (TfL), sets the routes, services, fares and vehicle standards for buses in London and retains all the revenue from fares.⁴⁹ Jersey, in contrast, runs a franchising model where the private operator, Libertybus, retains the revenue from fares and is responsible for designing the network, according to certain criteria set by the Government of Jersey.⁵⁰

Municipal bus companies

This is where a local transport authority owns a bus company which provides local services. Municipal ownership is a common model elsewhere in Europe.⁵¹ There are five bus companies operating in England (outside of London), which are owned by local authorities.⁵² The Bus Services Act 2017, however, banned the creation of new municipal bus companies.⁵³

Box 1: Enhanced Partnerships

Enhanced Partnerships (EPs) are formal, statutory partnerships between local transport authorities and local bus operators. As part of an EP, local authorities and operators agree a vision for local bus services, an EP Plan, and a set of interventions to deliver this vision, an EP Scheme.⁵⁴ EP Schemes are agreed between local transport authorities and operators. They consist of service standards delivered by operators and policies and infrastructure improvements delivered by local transport authorities. Once these partnerships are formally established these commitments are legally binding.⁵⁵

Enhanced Partnerships are not designed to eliminate competition.⁵⁶ There is nothing which directly prohibits new operators from registering a route where an EP is in place, but they need to comply with whatever local standards have been agreed.⁵⁷ Operators still compete directly for passengers, but they do so in a more planned local market. The Government's guidance outlines that:

⁴⁹ Transport for London, [London's Bus Contracting and Tendering Process](#), August 2015

⁵⁰ Campaign for Better Transport, [Three stages to better bus services: using the Bus Services Act](#), July 2018, page 21 (pdf)

⁵¹ Transport for Quality of Life, [Building a world-class bus system for Britain](#), May 2016, para S7.1 (pdf)

⁵² Blackpool, Ipswich, Nottingham City, Reading and Warrington

⁵³ [Bus Services Act 2017](#)

⁵⁴ Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021 para 1.6

⁵⁵ Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021 para 1.7

⁵⁶ Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021, para 8.7

⁵⁷ Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021, para 8.7

Effective planning is about striking an appropriate balance between competition, cooperation, over and under provision and the use of subsidy and EP powers to deliver an overall bus network that focusses on delivering BSIP outcomes and is in the interest of passengers, not individual bus operators.⁵⁸

Local transport authorities are required to strike a balance between the improvements an EP delivers for passengers and the restrictions it imposes on their local deregulated bus market.⁵⁹ The Government's guidance states these authorities have a role in securing "necessary cooperation" without "unnecessarily restricting" competition.⁶⁰ The guidance suggests that EP powers can be used to correct problems in the functioning of local bus markets, such as an oversupply or undersupply of services.⁶¹

2.4 How are bus services run elsewhere in the UK?

Buses in Scotland and Wales are run in a similar way to those in England (outside London), with a mix of commercial and subsidised services. The Transport (Scotland) Act 2019, made several changes to the way buses in Scotland are regulated.⁶² Some of these changes mirror those made through the Bus Services Act 2017, in that they replaced existing forms of partnerships and contracts with new models (See Section 3.3). Northern Ireland is different. Most services there are run by subsidiaries of Translink, a government-funded body.⁶³ One of the subsidiaries, Metrobus, provides services in Belfast. Ulrabus, the other subsidiary, provides services across the rest of the country. Private operators can provide services in Northern Ireland, but they need a permit from the Department for Infrastructure to do so.⁶⁴

London differs from the rest of England. The capital was exempt from the deregulated model introduced under the Transport Act 1985. Instead, competition was introduced through a process of tendering routes.⁶⁵ Prior to 1985, London Buses Limited, a wholly owned subsidiary of London Transport – a regional transport authority – ran almost all the bus services in London.⁶⁶

⁵⁸ Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021, para 8.8

⁵⁹ Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021, para 8.28

⁶⁰ Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021, para 8.30

⁶¹ Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021

⁶² [Transport \(Scotland\) Act 2019](#)

⁶³ nibusinessinfo.co.uk, [Operating a bus service in Northern Ireland](#) [accessed on 6 May 2022]

⁶⁴ nibusinessinfo.co.uk, [Operating a bus service in Northern Ireland](#) [accessed on 6 May 2022]

⁶⁵ Transport for London, [London's Bus Contracting and Tendering Process](#), August 2015

⁶⁶ Transport for London, [London's Bus Contracting and Tendering Process](#), August 2015

The Mayor of London is responsible for transport policy in London. Bus services in the capital are run by London Bus Services Limited (London Buses), a subsidiary of Transport for London, under a franchising model. London Buses typically award contracts to private operators to run the services it has specified.⁶⁷ It has a rolling programme whereby between 15-20% of London's bus routes are tendered each year.⁶⁸ Private operators are usually awarded contracts for five years, with the potential for a two-year extension based on performance.⁶⁹ Box 2 below provides an overview of bus services in London, including the number of buses and bus routes in London, the standards applied by London Buses to these routes and vehicles, and information on the financial performance of bus services in the capital.

Box 2: Bus services in London

Bus journeys in London increased significantly from 2000 to 2013/14. By 2018/19 journeys in London had fallen slightly.⁷⁰ In response to the pandemic, bus journeys in London fell dramatically, as they did across the rest of England, and have yet to fully recover.⁷¹

London has around 9,000 buses (29% of the bus fleet in England) that run on 675 routes. All London Buses comply with TfL's Ultra-Low Emission Zone standards.⁷²

Most of London's bus routes are classified as high frequency routes, with five or more buses running per hour most of the week. However, buses on some routes run every 2-3 minutes. Most routes run from 4:30am until after midnight, although some routes operate 24 hours a day.⁷³

Transport for London's (TfL) annual reports and accounts show that before the coronavirus pandemic expenditure on bus services in London exceeded the income received from these services. In 2018/19, TfL reported that it received just under £1.5billion in revenue from London buses. However, in the same year its gross expenditure on bus services was just over £2.1billion.⁷⁴

⁶⁷ Transport for London, [London's Bus Contracting and Tendering Process](#), August 2015

⁶⁸ Transport for London, [London's Bus Contracting and Tendering Process](#), August 2015

⁶⁹ Transport for London, [London's Bus Contracting and Tendering Process](#), August 2015

⁷⁰ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 26

⁷¹ See [Transport use during the coronavirus \(COVID-19\) pandemic](#)

⁷² Transport for London, [London's buses now meet ULEZ emissions standards across the entire city](#), 14 January 2021

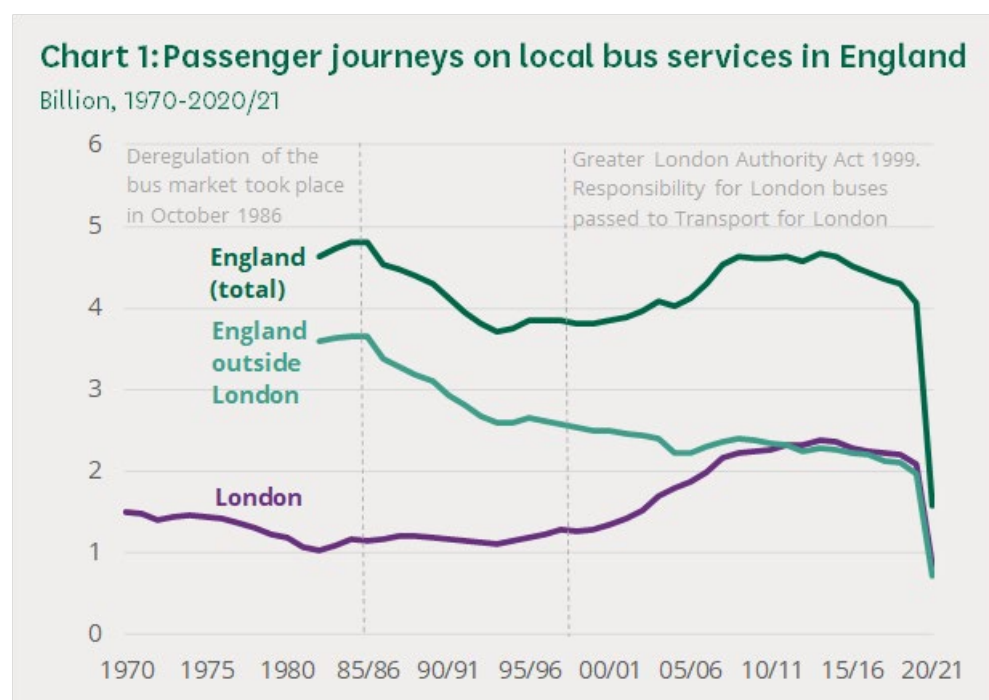
⁷³ Transport for London, [London's Bus Contracting and Tendering Process](#), August 2015

⁷⁴ Transport for London, [Annual report and accounts 2018/19](#), July 2019

3 The history of bus services and reforms

3.1 How has bus use changed over time?

Bus journeys have been in decline across most of England for decades. Chart 1 below shows how the overall number of bus journeys made in England and in London has changed over time. Bus use outside of London continued to steadily decline after the sector was deregulated, before falling steeply following the coronavirus pandemic. Between 2010/11 and 2018/19, most local authorities outside London (70 out of 88) experienced a fall in the number of bus journeys made per person per year.⁷⁵ The greatest falls in patronage were within metropolitan areas which accounted for 40% of the bus journeys made outside London in 2018/19.⁷⁶



Source: DfT, [Local bus passenger journeys](#), BUS0103

⁷⁵ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 28, Figure 8

⁷⁶ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 28, para 8

There have, however, been some exceptions where local bus journeys increased. The most notable example is in London. Passenger journeys in London increased by over 75% from 1.3billion in 2000/01 to a high of 2.4billion in 2013/14.⁷⁷ However, by 2018/19, bus journeys in London had fallen to 2.2billion.⁷⁸ See Box 2 above for more information on bus services in London.

From 2010/11 to 2018/19, a small number of local authorities also managed to increase the number of journeys made per person per year by bus.⁷⁹ These included counties such as Cornwall, where patronage increased from a low base, through to large towns and cities, such as Brighton, Reading and Bristol, where bus use increased despite already being relatively high.⁸⁰

3.2 What factors have contributed to the decline in bus travel?

Bus use is affected by a variety of factors including changes in the structure of the economy, socio-economic factors and the attractiveness of bus services compared to other modes of transport.⁸¹ Some of these changes may have positive effects on demand for bus travel. For example, in a 2020 report commissioned by the campaign group 'Greener Journeys', KPMG judged that socio-demographic changes in society, such as an ageing population and the growth of people living in cities, have had a net-positive impact on bus use, as bus use is more common among older people and those living in cities.⁸²

Other social changes have had a negative impact on demand for bus travel. For example, KPMG estimated that social changes, such as the rise of homeworking and online shopping, which create alternatives to taking the bus, had a negative impact on bus use of just under 2% between 2014/15 and 2018/19.⁸³ However, the greatest negative impact on bus use, according to KPMG, came from the relative attractiveness of bus services compared to other modes of transport including cars, which they estimated led a decline in bus use of over 5% between 2014/15 and 2018/19.⁸⁴

⁷⁷ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 28

⁷⁸ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 28,

⁷⁹ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 28, Figure 8

⁸⁰ Independent Transport Commission, [The shape of changing bus demand in England](#), January 2020, para 4.1

⁸¹ KPMG, [Maximising the benefits of local bus services](#), July 2020, pages 9-11

⁸² KPMG, [Maximising the benefits of local bus services](#), July 2020, pages 10-11, Table 1

⁸³ KPMG, [Maximising the benefits of local bus services](#), July 2020, pages 10-11, Table 1

⁸⁴ KPMG, [Maximising the benefits of local bus services](#), July 2020, pages 10-11, Table 1

Working from home and online shopping

In 2019, the most common reasons for bus journeys were for commuting (23%), education (21%), shopping (21%) and leisure (20%).⁸⁵ Even before the coronavirus pandemic, increases in homeworking and online shopping were having a detrimental impact on demand for bus services.⁸⁶ Home working increased across the country between 2014/15 and 2018/19.⁸⁷ Online shopping also increased to account for around 20% of sales by 2020, up from 5% in 2008.⁸⁸ The Independent Transport Commission (ITC), a think-tank and research charity, found that of the main reasons for taking the bus, shopping had declined the most.⁸⁹ The ITC suggested the decline was partly to do with the growth in online shopping, but also the location of shopping centres in areas not well served by bus services.⁹⁰

The Government, as part of its latest tranche of Covid-19 support, expects local transport authorities and operators to respond to these changes by adapting local routes and services so they are financially sustainable.⁹¹

Cars and congestion

Decline in bus journeys since the 1950s has coincided with increases in car ownership, as people in households with access to a car are less likely to take the bus. The ITC suggested the decline in bus patronage before the pandemic was largely due to “a fall in the proportion of the population who are bus users, rather than existing bus users travelling less often.”⁹² Most households have access to a car. The percentage of households with access to two or more cars has continued to rise since the 1970s. Around two-thirds of households in urban conurbations have access to car. This rises to over 90% in rural areas.⁹³

Car journeys account for most of the distance travelled in Great Britain.⁹⁴ In 2019, over 80% of miles travelled in Great Britain were by car, vans or taxis.⁹⁵ Most journeys are short. For example, 25% of journeys are under a mile and

⁸⁵ Department for Transport, [Annual bus statistics: England 2019/20](#), October 2020, page 17

⁸⁶ KPMG, [Maximising the benefits of local bus services](#), July 2020, pages 10-11, Table 1

⁸⁷ KPMG, [Maximising the benefits of local bus services](#), July 2020, pages 10-11, Table 1

⁸⁸ KPMG, [Maximising the benefits of local bus services](#), July 2020, pages 10-11, Table 1

⁸⁹ Independent Transport Commission, [The shape of changing bus demand in England](#), January 2020, para 6.2

⁹⁰ Independent Transport Commission, [The shape of changing bus demand in England](#), January 2020, para 6.2

⁹¹ DfT, [Local transport update: financial support for bus and light rail services](#), 1 March 2022

⁹² Independent Transport Commission, [The shape of changing bus demand in England](#), January 2020, page 22

⁹³ Department for Transport, [National Travel Survey: 2020](#), 22 September 2021

⁹⁴ Department for Transport, [Transport Statistics: Great Britain 2020](#), December 2020, page 2

⁹⁵ Department for Transport, [Transport Statistics: Great Britain 2020](#), December 2020, page 2

over 70% of journeys are under 5 miles.⁹⁶ People tend to drive for any journey over a mile.⁹⁷

Congestion is a particular problem for bus services in urban areas. Congestion slows buses down and makes them less reliable. It also increases the costs on operators as they need to run more services to maintain frequencies.⁹⁸ This can lead to increases in fares, which in turn reduces demand and encourages more people to drive.⁹⁹ Greener Journeys, in 2016, estimated that a 10% reduction in the speed of bus services due to congestion reduces patronage by at least 10%.¹⁰⁰

Bus fares

Bus fares have increased faster than inflation, whereas the costs of motoring have fallen in real-terms.¹⁰¹ Between March 2010 and March 2021, local bus fares in England increased by 40%, whereas other items on the Consumer Price Index rose by 23%.¹⁰² Over this period, bus fares rose at a faster rate in non-metropolitan areas (51%) than metropolitan areas (42%).¹⁰³ Fares in London rose at a slower pace (28%) than those across the rest of England (48%).¹⁰⁴

Decline in bus service provision

Bus mileage is used as an indicator of service provision. Between 2004/05 and 2018/19, bus mileage outside of London declined by almost 14%.¹⁰⁵ This decline was mainly driven by a decrease in mileage provided by ‘supported services’, i.e. services subsidised by a local authority.¹⁰⁶ From 2009/10 to 2018/19, bus mileage provided through these supported services fell from 24% to a just under 13%.¹⁰⁷

Covid-19 pandemic

As shown in Chart 1, bus use plummeted across England in response to the Covid-19 pandemic. Box 3 covers the impact of coronavirus pandemic on bus services in England in more detail. Bus journeys have yet to return to pre-pandemic levels, although they have been on an upward trajectory since the

⁹⁶ Department for Transport, [National Travel Survey: 2020](#), 22 September 2021

⁹⁷ Department for Transport, [National Travel Survey: 2020](#), 22 September 2021

⁹⁸ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 42, Figure 13

⁹⁹ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 42, Figure 13

¹⁰⁰ Greener Journeys, [The impact of congestion on bus passengers](#), June 2016, page 7

¹⁰¹ KPMG, [Maximising the benefits of local bus services](#), July 2020, pages 10-11, Table 1

¹⁰² See [Department for Transport, Costs, Fares and Revenue, BUS0415](#)

¹⁰³ See [Department for Transport, Costs, Fares and Revenue, BUS0415](#)

¹⁰⁴ See [Department for Transport, Costs, Fares and Revenue, BUS0415](#)

¹⁰⁵ Department for Transport, [Annual bus statistics: England 2018/19](#), December 2019, page 7

¹⁰⁶ Department for Transport, [Annual bus statistics: England 2018/19](#), December 2019, page 7

¹⁰⁷ Department for Transport, [Annual bus statistics: England 2018/19](#), December 2019, page 7

national Covid-19 restrictions were lifted. Certain parts of the bus market have recovered faster than others.¹⁰⁸

Following the pandemic, many people have concerns about the health risks of travelling by bus.¹⁰⁹ Bus journeys among those with a concessionary bus pass also remain low compared to those made by fare-paying passengers.¹¹⁰ For many stakeholders, people's persistent worries about the safety of bus travel have been caused, at least in part, by the Government's messages during the pandemic to avoid public transport and work from home.¹¹¹

The pandemic has accelerated trends, such as homeworking, which were already exerting an influence on the bus market. Commuting has yet to fully recover, with journeys 25% below pre-Covid levels.¹¹² Arriva, a large transport operator, suggests new patterns, such as hybrid working and online shopping, are set to continue and that journeys will not return to pre-pandemic levels, without measures to stimulate demand.¹¹³ CPT offer a similar view. Without initiatives to encourage bus travel, CPT forecast that overall demand will remain 12% below pre-pandemic levels in 2022/23; even with initiatives to encourage bus travel, CPT only expect demand to return to 93% of pre-Covid levels this year.¹¹⁴

The decline in provision has also accelerated since the pandemic.¹¹⁵ Most of the decline in provision since the pandemic has been on commercial services, rather than in supported services.¹¹⁶

Box 3: Impact of Covid-19 pandemic on bus services in England outside London

Following the introduction of the first national lockdown, bus journeys across England decreased to 10% of pre-pandemic levels.¹¹⁷ Since March 2020, bus journeys have fluctuated in response to changes in the spread of the coronavirus and national restrictions, including lockdowns, social distancing guidelines and Government requirements to wear face masks on public transport.¹¹⁸

Journeys were steadily increasing after the national lockdown imposed in December 2020, but dropped slightly following the spread of the Omicron variant.¹¹⁹ By the end of April 2022, bus journeys had returned to between 80-85% of pre-pandemic levels on weekdays and just under 90% on the weekend.¹²⁰

In April 2020, the Government announced £167million of new funding for operators through the Covid-19 Bus Services Support Grant, along with £30million for local authorities to fund services. The Government also continued to pay the Bus Services Operators Grant at pre-Covid levels and advised councils to continue to reimburse operators for concessionary fares at pre-Covid rates too.¹²¹ This funding was initially intended to run buses for 12 weeks

at up to 50% of pre-Covid levels. An extra £254million was provided on 23 May 2020 to ensure services returned to 100% of pre-Covid levels.¹²²

On 8 August 2020, the Government announced the Covid-19 Bus Services Support Grant (CBSSG) Restart scheme. The CBSSG provided £27.3 million per week to support bus services through the pandemic. The Government said this funding would continue until it was no longer needed.¹²³ On 6 July 2021, the Secretary of State for Transport announced that the CBSSG would be replaced with a Bus Recovery Grant, designed to provide £226.5million to support the sector until the end of March 2022. At that time the Government stated that this would be “the final tranche of COVID-19-related support provided to the sector.”¹²⁴ However, the Government announced further Covid-19 support in March 2022, which is designed to support the sector up to October 2022.¹²⁵

Will passenger numbers grow in the long-term?

There is optimism within the bus sector that it can increase its share of people’s journeys in the longer-term, especially given the need to decarbonise emissions from transport. Stagecoach’s Chief Executive, Martin Griffiths, has suggested that while the acceleration of homeworking and online shopping may result in fewer journeys overall, there is “no reason why buses can’t take a greater percentage of those journeys that are remaining.”¹²⁶ In oral evidence to the House of Lords Committee, Mr Vidler also suggested that if, by 2030, around 10% of car journeys were taken by bus

¹⁰⁸ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07, page 4, Figure 1

¹⁰⁹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev29, page 8

¹¹⁰ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev47; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev52

¹¹¹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev43; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev52

¹¹² Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07, page 4, Figure 1

¹¹³ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev52

¹¹⁴ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07, page 5

¹¹⁵ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev51, pages 3-4

¹¹⁶ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev51, pages 3-4

¹¹⁷ Department for Transport, [Annual bus statistics: England 2020/21](#), November 2021, page 3

¹¹⁸ Department for Transport, [Annual bus statistics: England 2020/21](#), November 2021, page 3

¹¹⁹ See [Transport use during the coronavirus \(COVID-19\) pandemic](#)

¹²⁰ See [Transport use during the coronavirus \(COVID-19\) pandemic](#)

¹²¹ DfT, [Almost £400 million to keep England’s buses running](#), 3 April 2020

¹²² Department for Transport, [Transport Secretary’s statement on coronavirus \(COVID-19\): 23 May 2020](#), 23 May 2020

¹²³ Department for Transport, [Government extends coronavirus support for buses and trams, total funding tops £700 million](#), 8 August 2020

¹²⁴ Department for Transport, [£226 million package to support vital bus services](#), 6 July 2021

¹²⁵ DfT, [Local transport update: financial support for bus and light rail services](#), 1 March 2022

¹²⁶ [Stagecoach prepares for future with fewer journeys](#), The Financial Times, 22 July 2022

instead, as the Climate Change Committee proposed, then this would result in a 50% increase in bus journeys compared to 2019 levels.¹²⁷

3.3

What impact have previous bus reforms had on services outside of London?

Deregulation

Bus services in England outside of London have been deregulated since the mid-1980s. The Transport Act 1985 removed the duties on local authorities to co-ordinate public passenger transport in their areas and introduced a system of registration. After the 1985 Act was implemented, licensed operators merely needed to register their intention to run a service with the local Traffic Commissioner, giving at least 56 days' notice.¹²⁸

Operators could decide which routes and services they wished to run, and how much to charge. There was no requirement in the 1985 Act, or its consequent regulations, for a commercial bus operator to consult before making changes to the timetable and the position of bus stops.¹²⁹ Local authorities were given powers to procure socially necessary services, which were not provided by the commercial market (see Section 2.2).¹³⁰

These reforms introduced on-road, or head-to-head, competition between operators, where local operators directly compete for passengers. Competition, the then Conservative Government suggested, would incentivise operators to keep costs down, lower fares and provide a greater variety for services that customers want.¹³¹ Their 1984 command paper on bus reform suggested:

if the customer has the final say, bus operators will look keenly to see where and when people want to travel. If one operator fails to provide a service that is wanted, another will.¹³²

Limitations of a deregulated model

As noted in Chart 2 above, much of the decline in bus travel occurred before the bus market was deregulated. However, these reforms failed to reverse this decline. The Transport Select Committee, in May 2019, said that “deregulation has, at best, done little more than slow the decline in bus

¹²⁷ House of Lords Built Environment Committee, [Uncorrected oral evidence: Public transport in towns and cities](#), Tuesday 8 February 2022, Q11[Graham Vidler]

¹²⁸ [Transport Act 1985](#)

¹²⁹ House of Commons Library, [Bus Services Act 2017](#), CBP 7545, August 2018

¹³⁰ House of Commons Library, [Bus Services Act 2017](#), CBP 7545, August 2018

¹³¹ Department for Transport, [Buses](#), Cmnd 9300, July 1984

¹³² *Ibid*, paras 1.4-1.6

use.”¹³³ As part of the National Bus Strategy, the Government has required local transport authorities to adopt one of two options, an Enhanced Partnership or franchising, in order to ensure services are no longer planned on a “purely commercial basis.”¹³⁴ Below are some of the key limitations of the deregulated model, which these models help address.

- **Lack of on-road competition:** The Competition Commission, in 2011, found that head-to-head competition between operators was rare.¹³⁵ While the Competition Commission found evidence of positive benefits from head-to-head competition, they also noted that, in practice, people’s decisions were primarily driven by the frequency of services, as opposed to cost and other factors.¹³⁶ This often led to an intense period where competing operators would run more and more services, often at a loss. Eventually one operator would exit.¹³⁷

The largest five operators, also known as the Big Five (Stagecoach, Go-Ahead, National Express, Arriva and First Group), dominate the market. In 2020, the NAO reported these largest operators ran 80% of market¹³⁸; when the Competition Commission reported in 2011 the largest five operators ran 69% of all local bus journeys.¹³⁹ Rather than competing head-to-head, operators have tended to form local territories. For example, the NAO reported that most councils (65 out of 88) had one bus operator which ran over 50% of local journeys.¹⁴⁰

- **Misaligned investments:** The National Audit Office, in October 2020, noted that one of the limitations of a deregulated model is that the incentives on local transport authorities to prioritise bus use are weak, especially given the financial pressures they have faced over the last decade.¹⁴¹ Yet, the incentives bus operators have to invest in new routes, services and vehicles depend, at least in part, on support from local transport authorities to help manage congestion.¹⁴² The Centre for Cities, in 2019, argued that deregulation “broke the link between cities and their bus services.”¹⁴³ According to the think-tank:

¹³³ House of Commons Transport Committee, [Bus services in England outside London](#), HC 1425, May 2019

¹³⁴ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 22

¹³⁵ Competition Commission, [Local bus services market investigation](#), December 2011, para 2

¹³⁶ Competition Commission, [Local bus services market investigation](#), December 2011, para 29

¹³⁷ Competition Commission, [Local bus services market investigation](#), December 2011, para 30

¹³⁸ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 1.9

¹³⁹ Competition Commission, [Local bus services market investigation](#), December 2011, para 13

¹⁴⁰ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 1.9

¹⁴¹ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 16

¹⁴² National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 16

¹⁴³ Centre for Cities, [Delivering change: Improving urban bus services](#), November 2019, page 12

This break has hampered the development of long-term pro-bus policies, such as bus priority schemes and funding support in most cities. It changed the focus from providing a citywide network to focusing only on running a profitable service. Largely unregulated private monopolies took charge of critical urban infrastructure, and made fully-integrated public transport harder to provide.¹⁴⁴

- **Lack of coordination:** the existence of competing operators can make it difficult to deliver an integrated network.¹⁴⁵ One of the criticisms of deregulation is that it has resulted in a fragmented system.¹⁴⁶ KPMG explained that “where services are provided by competing operators, the coordination of timetables, fares and ticketing arrangements is difficult and unless it is carefully managed it could potentially be in breach of Competition Law.”¹⁴⁷
- **Provision of bus services is predominately determined by commercial objectives:** as mentioned in Section 2.1, bus journeys can deliver a variety of economic, social and environmental benefits. According to KPMG, it can be “economically efficient to increase supply above the levels determined by the commercial market” to achieve these objectives.¹⁴⁸

Partnerships and contracts

Since deregulation, governments have introduced reforms to give local authorities a range of options to exert more influence and control over local bus services. This included the ability to enter into statutory partnerships with local operators through to the ability to contract local bus services (see Section 2.3). For example, the Bus Services Act 2017 introduced new forms of partnership working, including Enhanced Partnerships, and franchising.¹⁴⁹

Prior to the National Bus Strategy, the uptake of powers within the Bus Services Act 2017 had been limited. Hertfordshire County Council was the only local transport authorities to introduce an Enhanced Partnership, Intralink, before the National Bus Strategy was published.¹⁵⁰ Greater Manchester was the only metropolitan area to begin the process for franchising services before the National Bus Strategy was published.¹⁵¹ The National Audit Office, in October 2020, suggested these new powers made little difference, when balanced against the funding pressures local government faced from 2010 onwards.¹⁵²

¹⁴⁴ Centre for Cities, [Delivering change: Improving urban bus services](#), November 2019, page 2

¹⁴⁵ KPMG, [Local Bus Market Study](#), 26 January 2016, page 5

¹⁴⁶ Center for Human Rights and Global Justice, [Public Transport, Private Profit The Human Cost of Privatizing Buses in the United Kingdom](#), July 2021, page 19

¹⁴⁷ KPMG, [Local Bus Market Study](#), 26 January 2016, page 7

¹⁴⁸ KPMG, [Local Bus Market Study](#), 26 January 2016, [page 7](#)

¹⁴⁹ [Bus Services Act 2017](#)

¹⁵⁰ [About Us - Intralink](#)

¹⁵¹ [Manchester to consult on bringing buses under public control](#), The Guardian, 8 October 2019

¹⁵² National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 13

For more information on deregulation, the Bus Services Act 2017 and other reforms the bus services outside London see the Library briefing paper on the [Bus Services Act 2017](#).¹⁵³

¹⁵³ House of Commons Library, [Bus Services Act 2017](#), CBP 7545, August 2018.

4

About the National Bus Strategy

4.1

The National Bus Strategy for England: an overview

The National Bus Strategy (March 2021) describes the Government’s vision for bus services in England. This includes:

- simpler, cheaper fares with daily price caps.
- more services, including more services in the evenings and at weekends and services on some routes that run so often people do not need to use a timetable.
- contactless payments.
- integrated ticketing across bus operators and different modes.
- better information so buses are easier to use.
- more bus lanes so buses can avoid congestion.
- buses which are greener and more accessible by design.¹⁵⁴

The Strategy applies to buses in England outside of London, as the Mayor of London is responsible for those within the capital.

What are the objectives of the National Bus Strategy?

The main aim of the National Bus Strategy is to increase bus journeys, firstly by returning bus ridership – the overall number of journeys made by bus - to pre-Covid levels and then to exceed it.¹⁵⁵ The Strategy also aims to help deliver the Government’s 2050 net zero target and its Levelling-Up agenda.

In the Strategy, the Government recognised that in congested towns and cities “substantial modal shift away from the car” will be needed soon if it is to meet its climate targets and improve air quality.¹⁵⁶ More information on the Government’s 2050 net zero target is set out in Section 4.4.

¹⁵⁴ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

¹⁵⁵ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021 page 8

¹⁵⁶ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021 , page 18

The National Bus Strategy also supports the Government's Levelling-Up agenda, including the Government's mission to bring transport connectivity across the country closer to London standards by 2030. The Prime Minister described better bus services as one of his Government's "major acts of levelling up."¹⁵⁷ See Section 4.3 for more detail on Levelling-Up.

How is the Government planning to achieve these objectives?

The National Bus Strategy includes a suite of interventions designed to increase bus journeys and support the Government's net zero and Levelling-Up ambitions. These include:

- a greater role for local transport authorities in planning local bus services.
- guidance for local transport authorities on the provision of socially and economically necessary services.
- local Bus Service Improvement Plans.
- measures to tackle the negative impact congestion has on bus services.
- reforms to the Bus Service Operators Grant (BSOG).
- measures to increase the uptake of zero emission buses.

Taken together, the DfT explain that the interventions introduced through the National Bus Strategy are designed to "create a virtuous circle" whereby improved services increase bus journeys while also lowering the cost of running services for operators, so networks become more financially sustainable.¹⁵⁸ This, in turn, is intended to reduce the need for public subsidy (see Section 2.2).¹⁵⁹

A greater role for local transport authorities

The main change introduced by the National Bus Strategy was a requirement for local transport authorities to adopt one of two options, an Enhanced Partnership or franchising (see Section 2.2). The Government expressed that "there can simply be no return to the situation, seen in too many parts of England, where services were planned on a purely commercial basis with little or no engagement with, or support from, LTAs."¹⁶⁰ Where bus journeys have increased it has usually been in areas where operators have cooperated

¹⁵⁷ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 4

¹⁵⁸ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61 para 26

¹⁵⁹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 26

¹⁶⁰ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 22

with local transport authorities.¹⁶¹ According to the DfT, the reason for requiring all local areas to adopt either an Enhanced Partnership or franchising is that “bold change” can only be delivered by close working between local transport authorities and operators.¹⁶²

Giving local transport authorities a greater role is intended to increase journeys by:

- enabling local bus services to be run as part an integrated, coordinated, local network. For example, the Campaign for Better Transport, in response to the National Bus Strategy, explained that in many places the provision of bus services is disjointed between multiple operators and is “not planned as a coherent network.”¹⁶³ Enhanced Partnerships and franchising shift the way buses are run from a fragmented model to one that is more integrated, according to the DfT.¹⁶⁴
- giving local transport authorities and bus operators incentives they need to invest in improving services. For example, if local transport authorities invest in new bus lanes or other interventions, such as parking restrictions, which make buses more attractive, then this gives operators the incentives they need to add more routes and services.¹⁶⁵

The National Bus Strategy also suggested that the Government would review the legislation that bans the creation of new municipal bus companies.¹⁶⁶ This would enable local transport authorities to set-up their own bus companies.

More information is set out in Section 3.3 on Deregulation. Section 5.1 covers the advantages and disadvantages of Enhanced Partnerships, franchising and municipal bus companies.

Socially and economically necessary services

The provision of supported services helps increase journeys by ensuring commercially unviable services can continue to run. These services support various social and economic objectives. For example, by providing an alternative to travelling by car and enabling people without a car to access employment, public services, education and leisure. Funding for supported services delivers high value for money, according to analysis by KPMG, with a

¹⁶¹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 23; Independent Transport Commission, [The shape of changing bus demand in England](#), January 2020; National Audit Office, [Improving local bus services in England outside London](#), October 2020

¹⁶² Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 30

¹⁶³ Campaign for Better Transport, [Can the new National Bus Strategy finally save our buses?](#), 17 March 2021

¹⁶⁴ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 7

¹⁶⁵ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 16

¹⁶⁶ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 50

Benefit-Cost Ratio of 2:5.¹⁶⁷ However, the provision and funding for supported services varies significantly across the country (see Section 2.2)

To improve the provision of supported services, the Government committed to publish guidance setting out what ‘socially necessary’ means and the role these services play.¹⁶⁸ However, the Government also suggested it would consider introducing a statutory requirement covering the provision of socially necessary services, if it is unable to secure more provision by agreement.¹⁶⁹

To support Levelling-Up, the Government also said its guidance would expand the definition of supported services to cover bus services that are economically necessary, recognising the role bus services play in connecting people to places of work, education and leisure.¹⁷⁰ This guidance is also due to cover the provision of services in areas of economic disadvantage.

Local Bus Service Improvement Plans

The Government required local transport authorities and operators to jointly produce a local Bus Service Improvement Plan by October 2021 to help deliver the National Bus Strategy. In these plans each local area needed to set how they would use their Enhanced Partnership or franchising scheme to “deliver an ambitious vision for travel by bus” and meet “the goals and expectations” of the Strategy.¹⁷¹ The Government asked local transport authorities and operators to include the following in their plans:

- Targets for improving passenger numbers, customer satisfaction, reliability and journey times.¹⁷²
- Local carbon emissions and air quality targets and how improvements to bus services can help achieve them.
- Plans for decarbonising their local bus fleet.¹⁷³
- The service levels different communities need at different times of the day, including in the evening and at weekends. To support Levelling-Up, the Government asked each area to set out how buses could connect “economically disadvantaged areas” to places of work, education and

¹⁶⁷ KPMG, [Maximising the benefits of local bus services](#), July 2020, page 32

¹⁶⁸ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 47

¹⁶⁹ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 48

¹⁷⁰ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, pages 47-48

¹⁷¹ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 39

¹⁷² Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 41

¹⁷³ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 41

leisure, including factories and industrial estates that are not served by main bus routes.¹⁷⁴

All 79 local transport authorities published their plans by the Government's deadline. These plans have informed the Government's decisions about how to distribute the funding it has allocated to spend on bus services over the remainder of this Parliament.

Tackling congestion

Increasing congestion results in buses becoming slower and less reliable. Because of congestion operators need to run more services which drives up the costs for operators and fares for passengers.¹⁷⁵ Tackling the impact of congestion is, therefore, an important part of increasing passenger numbers. The NAO, in 2020, highlighted that local transport authorities who managed to increase bus use typically provided long-term support for buses, with interventions to prioritise bus travel and tackle congestion.¹⁷⁶ According to the NAO:

There is good evidence on what works in improving and increasing commercially viable bus services: long-term locally led interventions with wide support, particularly those which target congestion, improving bus speed and reliability. This reduces the need for local authority support, freeing up funding for further improvements or other purposes.¹⁷⁷

The National Bus Strategy includes a mix of interventions designed to help mitigate the impact of congestion on bus services. These include the introduction of bus priority measures, powers to help councils enforce moving traffic offences (see Box 4), and statutory guidance to make “promoting bus reliability” part of the Network Management Duty placed on local highways authorities.¹⁷⁸

Bus priority measures include interventions such as bus lanes, guided busways, priority signalling and park and ride schemes. Local plans to introduce these interventions are set out in Bus Service Improvement Plans.¹⁷⁹ The Government identified these measures as a key intervention in towns and cities, especially where there are problems with congestion.¹⁸⁰ Within the National Bus Strategy, the Government said it expects bus lanes to be introduced on any roads with a “frequent bus service, congestion and the

¹⁷⁴ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, pages 47-48

¹⁷⁵ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 42, figure 13; Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 19

¹⁷⁶ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 10

¹⁷⁷ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 10

¹⁷⁸ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 46

¹⁸² National Audit Office, [Improving local bus services in England outside London](#), October 2020; Transport Committee, [Reforming public transport after the pandemic](#), HC676, 2020-21 EV 26;

¹⁸² National Audit Office, [Improving local bus services in England outside London](#), October 2020; Transport Committee, [Reforming public transport after the pandemic](#), HC676, 2020-21 EV 26;

physical space to install one.”¹⁸¹ There are examples where bus priority measures have helped to increase patronage. Bus priority measures in Nottingham, the West Midlands, Hull, Crawley and Bristol have helped to improve bus services.¹⁸² KPMG suggest bus priority measures deliver very high value for money, with a benefit:cost ratio of 5.0 – higher than other forms of revenue expenditure.¹⁸³

Box 4: New powers for councils to enforce moving traffic offences

Part 6 of the Traffic Management Act 2004 provides local authorities with the powers to enforce parking, bus lanes infringements and moving traffic offences.¹⁸⁴ Councils can apply for powers that enable them to enforce such offences. Councils already have access to, and make widespread use of, powers under the 2004 Act to tackle bus lane infringements and issues with parking.¹⁸⁵

Regulations to allow councils outside London to enforce moving traffic offences were laid in January 2022 and are due to take effect from 31 May 2022.¹⁸⁶ The regulations enable civil enforcement officers, acting on behalf of local authorities, to enforce offences such as:

- ignoring no entry signs;
- performing banned turns;
- waiting on box junctions; and
- driving in mandatory cycle lanes.¹⁸⁷

The regulations also bring together the existing powers for enforcing parking, bus lanes, together with those for moving traffic offences, and align the penalty charges that can be applied.¹⁸⁸ Under these regulations, local councils can apply to the “Secretary of State for an order designating all or

¹⁸² National Audit Office, [Improving local bus services in England outside London](#), October 2020; Transport Committee, [Reforming public transport after the pandemic](#), HC676, 2020-21 EV 26;

¹⁸³ National Audit Office, [Improving local bus services in England outside London](#), October 2020; Transport Committee, [Reforming public transport after the pandemic](#), HC676, 2020-21 EV 26;

¹⁸⁴ KPMG, [Maximising the benefits of local bus services](#), July 2020

¹⁸⁵ [Traffic Management Act 2004](#)

¹⁸⁶ Explanatory memorandum to [Civil Enforcement of Road Traffic Contraventions \(Approved Devices, Charging Guidelines and General Provisions\) \(England\) Regulations 2022](#)

¹⁸⁷ Explanatory memorandum to [Civil Enforcement of Road Traffic Contraventions \(Approved Devices, Charging Guidelines and General Provisions\) \(England\) Regulations 2022](#)

¹⁸⁸ Explanatory memorandum to [Civil Enforcement of Road Traffic Contraventions \(Approved Devices, Charging Guidelines and General Provisions\) \(England\) Regulations 2022](#)

part of their network as a civil enforcement area for moving traffic contraventions.”¹⁸⁹

Reform to Bus Service Operators Grant (BSOG)

The Bus Services Operators Grant aims to help services run which might otherwise not be profitable and to keep the cost of fares down. Analysis by KPMG set out that the grant delivers high value for money, with a benefit-cost ratio of 3:7.¹⁹⁰ For operators, the grant helps them maintain sustainable margins. Arriva Bus, one of the ‘big five’ bus operators, told the Transport Committee in April 2021 that revenue streams such as the BSOG are “baked into the economic model” of bus services.¹⁹¹ However, there are some criticisms of the way the grant is designed. For example, the NAO set out that the grant “is not linked to the level of need, number of passengers, or performance of services and could act as a disincentive for operators to switch to electric buses.”¹⁹²

Within the National Bus Strategy, the Government acknowledged that this fuel-based subsidy is in need for reform, stating that the “outcomes incentivised by a fuel-based subsidy are not right for the twenty-first century and the environmental challenges we face” and that the “incentive payments are outdated.”¹⁹³ The Government said it was considering:

- moving to a distance rate so the grant is paid to electric vehicles.
- providing extra support and new incentives for rural services such as incentives for demand responsive transport.
- ending payments for ‘dead’ mileage between depots and the start or finish of passenger services.
- only making the reformed grant available to local transport authorities and operators with an Enhanced Partnership or those in the process of franchising services.
- devolving the grant to local transport authorities.¹⁹⁴

¹⁸⁹ Explanatory memorandum to [Civil Enforcement of Road Traffic Contraventions \(Approved Devices, Charging Guidelines and General Provisions\) \(England\) Regulations 2022](#)

¹⁹⁰ KPMG, [Maximising the benefits of local bus services](#), July 2020, page 32

¹⁹¹ Transport Committee, [Oral evidence: Reforming public transport after the pandemic](#), HC 676, February 2021

¹⁹² National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 2.7

¹⁹³ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 48

¹⁹⁴ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 48

Increasing the uptake of zero emission buses

The Government is committed to achieving a zero-emission bus fleet. To achieve this, the Government plans to phase-out the sale of new diesel buses and is providing funding to support the delivery of up to 4,000 zero emission buses and associated infrastructure. This investment is designed to stimulate demand, so manufacturers can scale-up production and reduce the cost of zero emission buses.¹⁹⁵

¹⁹⁵ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

4.2

How much funding has been provided to support the National Bus Strategy?

The Government announced funding for the National Bus Strategy before it was published. In February 2020, the Prime Minister announced £5 billion for local transport.¹⁹⁶ This five-year funding package included £3 billion for spending on buses, with the remaining £2 billion to be spent on active travel.¹⁹⁷ Some of the money the Government is spending on bus services improvements over this Parliament is being used to deliver commitments announced in September 2019, as part of the Government's Better Deal for Bus Users.¹⁹⁸

The Government has committed to invest over £3 billion in bus services over the five-year Parliament.¹⁹⁹ In April 2022, the Government confirmed it has allocated £2.58 billion to improve bus services.²⁰⁰ This includes:

- £1.153 billion to fund the delivery of local Bus Service Improvement Plans.²⁰¹ This funding is being used to fund service improvements, bus priority measures and reductions in fares in 34 local transport authorities.²⁰²
- £525 million to support the delivery of zero emission buses.²⁰³ So far, £320 million of this has been allocated. The remaining £205 million is due to be allocated by 2024.²⁰⁴
- around £788 million for capital schemes in seven mayoral combined authorities.²⁰⁵ Funding for these city regions has come from a mix of sources, including those listed above. Five city regions have received a share of £1.153 billion and four have received a share of the £525 million provided to fund zero emission buses.²⁰⁶ In addition, these city regions

¹⁹⁶ HC Deb 11 February 2020 [col.712](#); Department for Transport, [Major boost for bus services as PM outlines new vision for local transport](#), 10 February 2020

¹⁹⁷ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 3

¹⁹⁸ Department for Transport, [A better deal for bus users](#), September 2019 [updated 6 February 2020]

¹⁹⁹ HM Treasury, [Autumn Budget and Spending Review: A stronger economy for the British people](#), HC822, October 2021, page 58

²⁰⁰ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 11

²⁰¹ HM Treasury, [Autumn Budget and Spending Review: A stronger economy for the British people](#), HC822, October 2021, page 58

²⁰² In April 2022, the DfT announced that 31 local Bus Service Improvements Plans would receive some funding to support them. Some of the successful bids were for joint plans submitted by more than one local transport authority. As a result, the DfT confirmed 34 local transport authorities are due to receive some funding to improve services.

²⁰³ [PQ 112626](#) [Bus Services: Finance] answered on 31 January 2022

²⁰⁴ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 11

²⁰⁵ HM Government, [Levelling-Up: Levelling-Up the United Kingdom](#), CP 604, February 2022

²⁰⁶ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 11

have received some funding for bus services via their City Region Sustainable Transport Settlements.

- £100million to pilot interventions, such as the low-fares pilot in Cornwall and demand-responsive transport, which were announced in the Government's Better Deal for Bus Users in September 2019.²⁰⁷

So far £1.86 billion has been used maintain bus services due to the shortfall in demand caused by Covid-19.²⁰⁸ Section 5.2 discusses how much progress can be made within the funding available and whether more funding will be needed to maintain services, due to the ongoing shortfall in demand following Covid-19.

4.3 How do better bus services support Levelling-Up?

The Government's Levelling-Up policy aims to reduce geographic economic, social and health inequalities. The Levelling-Up White Paper includes a focus on improving local transport, particularly buses:

Some of the UK's biggest cities lack high quality public transport to enable densification of city centres and make jobs accessible within commuting distance, contributing to congestion and lower productivity. Meanwhile, smaller cities, towns and villages also need good public transport and high-quality local roads to ensure everyday journeys are safe and quick.²⁰⁹

One of the missions within the White Paper is to bring local transport connectivity, especially in large urban areas, "significantly closer to the standards of London" by 2030 through better services, simpler fares and integrated ticketing.²¹⁰

To bring bus services across England up to London's standards, the Government wants services along main roads in towns and cities to "run so often that you don't need a timetable,"²¹¹ with more evening and weekend services to "reflect people's 24-hour lives."²¹² Another key intervention within urban areas, especially those with congestion problems, is the provision of bus priority measures, such as bus lanes.²¹³ The Government also wants low, flat fares, with daily price caps to be the norm in towns and cities.²¹⁴

²⁰⁷ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 11

²⁰⁸ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 12

²⁰⁹ HM Government, [Levelling-Up: Levelling-Up the United Kingdom](#), CP 604, February 2022

²¹⁰ HM Government, [Levelling-Up: Levelling-Up the United Kingdom](#), CP 604, February 2022

²¹¹ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

²¹² Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

²¹³ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

²¹⁴ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

How do bus services help boost productivity?

KPMG explain that “bus networks can support local economic growth by providing better connections between homes, jobs and economic centres.”²¹⁵ According to KPMG, “buses can increase overall network capacity, reducing congestion, and increasing the overall size of the ‘effective labour market’ in a given area.”²¹⁶

The ability of public transport to increase the overall size of a labour market, depends, in part, on how towns and cities are designed. The Centre for Cities, for example, found that it is generally slower and harder for people in British cities to commute from the suburbs into the city centre, compared to those living in European cities.²¹⁷ The Centre for Cities found that transport networks in British and European cities are actually of a similar size. The key difference is that there is a greater tendency for people to live closer to city centres in Europe, which makes their transport systems more efficient.²¹⁸ According to the Centre for Cities, solving this problem involves changing the design of British cities, not just expanding the public transport network. For example, they highlighted that:

Leeds and Marseille have a similar population, but 87 per cent of people can reach the centre of Marseille in 30 minutes by public transport, compared with 38 per cent in Leeds. If Leeds had a similar-sized network to Marseille, only 61 per cent of its population would be 30 minutes from the city centre – it cannot close the gap without changes to its built form.²¹⁹

Buses are also particularly important for supporting inclusive economic growth, as they enable people without a car to access employment.²²⁰ However, negative perceptions of how viable a commute is, based on the cost, availability and reliability of services, can present a barrier to work.²²¹ The high cost of fares can mean people trade-off the benefits of low wages with the costs of commuting.²²² Research commissioned by the Joseph Rowntree Foundation pointed out that the:

²¹⁵ KPMG, [Maximising the benefits of local bus services](#), July 2020

²¹⁶ KPMG, [Maximising the benefits of local bus services](#), July 2020

²¹⁷ Centre for Cities, [Measuring up: Comparing public transport in the UK and Europe’s biggest cities](#), November 2021

²¹⁸ Centre for Cities, [Measuring up: Comparing public transport in the UK and Europe’s biggest cities](#), November 2021

²¹⁹ Centre for Cities, [Measuring up: Comparing public transport in the UK and Europe’s biggest cities](#), November 2021

²²⁰ KPMG, [Maximising the benefits of local bus services](#), July 2020

²²¹ Joseph Rowntree Foundation, [Tackling transport-related barriers to employment in low-income neighbourhoods](#), August 2018 (pdf)

²²² Joseph Rowntree Foundation, [Tackling transport-related barriers to employment in low-income neighbourhoods](#), August 2018 (pdf)

[...] location of work has become increasingly dispersed across city regions (aside from the low-wage service economy in city centres). Journeys to more peripheral sites such as retail, commercial and industrial parks for those without cars can take far too long, or are simply not viable using a public transport system that has often failed to accommodate the changing geography of work.²²³

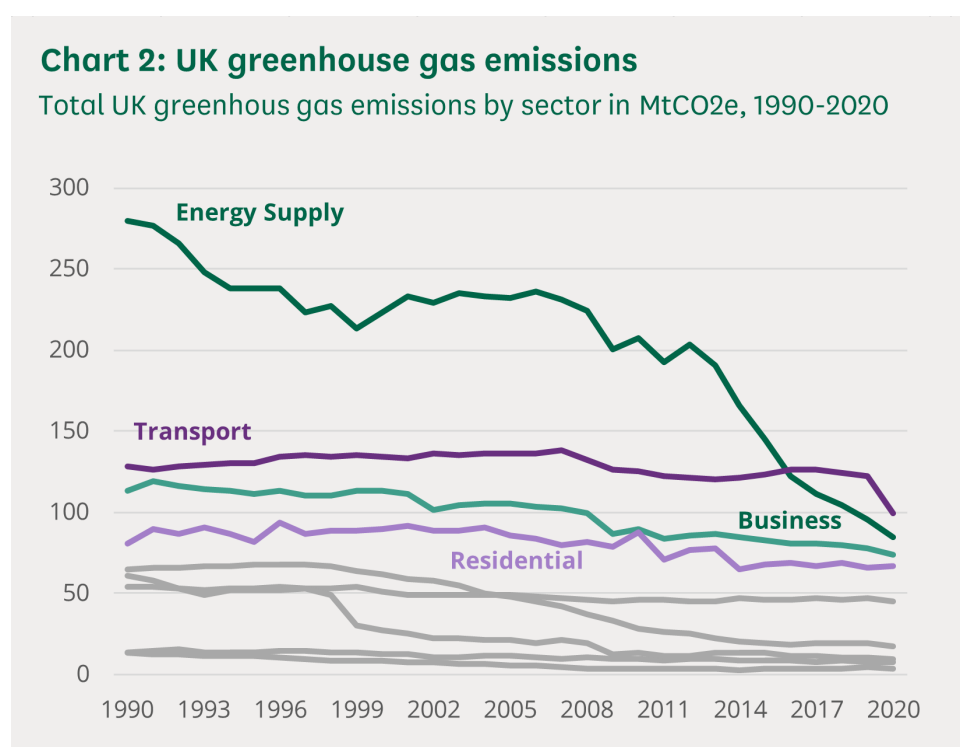
²²³ Joseph Rowntree Foundation, [Tackling transport-related barriers to employment in low-income neighbourhoods](#), August 2018 (pdf)

4.4

How does the National Bus Strategy support the Government's 2050 net zero target?

In 2019, the Government legislated to set a net zero emissions target by 2050.²²⁴ Specifically, the Government has a target to reduce greenhouse gas (GHG) emissions by 2050 by 100% compared to 1990 levels. It is known as a net zero target because emissions can remain if they are offset and/or traded using carbon units. To help achieve net zero, the Government has also set interim emission targets for 2030 and 2035. The Government has targets to reduce emissions by 68% compared to 1990 levels by 2030 and by 78% by 2035.²²⁵

Transport is the largest emitting sector of the UK economy and one which has been difficult to decarbonise. Chart 2 shows the change in greenhouse gas emissions from different sectors of the UK economy from 1990 to 2020.



Source: DfBEIS, [Final UK greenhouse emission statistics 1990-2019](#), table 1.2

²²⁴ The [Climate Change Act 2008 \(2050 Target Amendment\) Order 2019](#) came into force on 27 June 2019.

²²⁵ Department for Business, Energy and Industrial Strategy, [UK enshrines new target in law to slash emissions by 78% by 2035](#), 20 April 2021

Whilst there has been a slight decrease in transport emissions since 1990, reductions in other sectors, most notably the energy, business and residential sectors, has meant the share of UK emissions from transport rose from 18% in 1990 to 27% in 2019.²²⁶

The majority of the UK's GHG emissions from transport in 2019 came from cars (55%). Only 2.5% came from buses and coaches.²²⁷ Government policy on buses, therefore, has a role to play in the delivery of the Government's 2050 net zero target by:

- encouraging more people to take the bus, and thereby use their cars less.
- replacing the buses currently in use, which are mainly fuelled by diesel, with zero emission alternatives.²²⁸

Modal shift to public transport and active travel

The Government's transport decarbonisation plan, [Decarbonising Transport: A Better, Greener Britain](#), was published in July 2021.²²⁹ One of the plan's strategic priorities is to accelerate modal shift, with an aim to make walking, cycling and public transport the natural first choice for people's daily journeys.²³⁰

Why is modal shift from cars to buses needed to achieve net zero?

Transitioning to a zero-emission car fleet is a long process. Even though sales of zero emission cars have been increasing, they still represent only a small proportion of the UK's car fleet.²³¹ The Government plans to end the sale of petrol and diesel cars and vans by 2030, and require all new cars and vans to be zero emission by 2035.²³² The timeframe for these targets is designed to transition the entire fleet to zero emission cars by 2050.²³³ This is because most cars have a lifespan of around 14 years.²³⁴ To meet the Government's 2030 carbon emissions target, the Climate Change Committee suggests zero emission vehicles will need to account for almost half of new car sales by 2025 and all new car sales by 2030.²³⁵ The Green Alliance, an environmental think-tank, argue that reducing traffic will help secure reductions in emissions if the

²²⁶ DfBEIS, [2019 UK Greenhouse Gas Emissions](#), Final Figures, 2 February 2021.

²²⁷ Department for Transport, [Decarbonising Transport: A Better, Greener Britain](#), July 2021, page 15

²²⁸ Department for Transport, [Decarbonising Transport: A Better, Greener Britain](#), July 2021

²²⁹ Department for Transport, [Decarbonising Transport: A Better, Greener Britain](#), July 2021

²³⁰ Department for Transport, [Decarbonising Transport: A Better, Greener Britain](#), July 2021, page 38

²³¹ Department for Transport, [Vehicle Licensing Statistics: table VEH0203](#)

²³² DfT, [Government takes historic step towards net-zero with end of sale of new petrol and diesel cars by 2030](#), 18 Nov 2020

²³³ Climate Change Committee, [Net Zero: The UK's contribution to stopping global warming](#), May 2019, page 178

²³⁴ Climate Change Committee, [Sixth carbon budget: Surface transport](#), December 2020, page 23

²³⁵ Climate Change Committee, [Sixth carbon budget: Surface transport](#), December 2020, page 33

uptake of zero emission vehicles does not happen fast enough.²³⁶ Encouraging more people to travel by bus than by car provides a way to reduce emissions quickly.

What is the scale of the challenge?

Car ownership has continued to rise, with households increasingly likely to have access to two cars or more.²³⁷ Car journeys are the most common form of transport for any journey over a mile.²³⁸ Unlike journeys on public transport, car journeys quickly recovered almost to pre-pandemic levels after the first national lockdown and have remained high since.²³⁹

In 2018, Transport for Quality of Life suggested that car mileage would need to fall by between 20-60% by 2030 to achieve the Government's net zero targets, depending on the uptake of zero emission vehicles.²⁴⁰ The Climate Change Committee, in its Sixth Carbon Budget report, suggested 9-12% of car journeys could be converted to bus journeys by 2030, rising to 24% by 2050. They suggested the greatest opportunity to do so is in towns and cities.²⁴¹

What is the Government's position?

Within the National Bus Strategy, the Government acknowledged that substantial modal shift away from cars is going to be needed to help achieve the Government's climate change and air quality targets, especially in congested places.²⁴² The Government was also clear that to achieve modal shift buses must become a more "practical and attractive alternative" to car use.²⁴³

The Government set a national target for half of all journeys in towns and cities to be walked or cycled by 2030.²⁴⁴ There is, however, no equivalent national target for buses. Instead, the National Bus Strategy set a broad ambition to first return patronage to pre-Covid levels and then to exceed it.²⁴⁵ The Government asked local authorities and operators to set local targets to increase patronage as part of their Bus Service Improvement Plans.²⁴⁶ According to Transport Focus, a statutory consumer watchdog, some places

²³⁶ Green Alliance, [Not going the extra mile Driving less to tackle climate change](#), December 2021, page 8

²³⁷ Department for Transport, [National Travel Survey: 2020](#), 22 September 2021

²³⁸ Department for Transport, [National Travel Survey: 2020](#), 22 September 2021

²³⁹ See [Transport use during the coronavirus \(COVID-19\) pandemic](#)

²⁴⁰ Transport for Quality of Life, [More than electric cars](#), December 2018, para 6.1. (pdf)

²⁴¹ Climate Change Committee, [Sixth Carbon Budget: Surface Transport](#), December 2020, page 8

²⁴² Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 18

²⁴³ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 8

²⁴⁴ Department for Transport, [Gear Change: a bold vision for walking and cycling](#), July 2020

²⁴⁵ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 8

²⁴⁶ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 41

have set ambitious targets, whereas in other places their targets are “relatively cautious.”²⁴⁷

While the National Bus Strategy, and other policies, encourage modal shift, the Government also provides support for motorists. The Secretary of State for Transport told the Transport Committee in January 2021 that he is not anti-car.²⁴⁸ He added that:

What I want are cars that are green and do not damage the environment by pumping out CO₂ and other greenhouse gases or toxic chemicals. I am not against the idea that people can get in their car. The Committee on Climate Change points out that that might be a difficult balance to achieve, so it is quite right to look at car use versus other forms of transport.²⁴⁹

One commonly discussed issue is the relative cost of bus travel compared to driving. While bus fares have risen in real-terms, the cost of motoring in real-terms has fallen over the last decade.²⁵⁰ Part of the reason for this is the freeze on fuel duty. Fuel duty was frozen for 11-years before the Chancellor in the 2022 Spring Statement announced a temporary reduction to help motorists with the rising cost of fuel.²⁵¹ Environmental groups and organisations within the transport sector support an increase in fuel duty so that this tax incentivises public transport. For example, the Campaign for Better Transport, in response to the Spring Statement, criticised the reduction in fuel duty suggesting that it sends the wrong message by supporting motorists with the cost of living while those who use public transport receive “no help with rising fares and face ongoing cuts to services.”²⁵² Within the transport decarbonisation plan, the Government acknowledged the imbalance in the cost of travel between modes and said it would gradually change this by making public transport “better value and more competitively priced.”²⁵³

The Transport Planning Society has highlighted how other policies, especially those covering the built environment, reinforce car dependence.²⁵⁴ According to the Transport Planning Society, “there has been a trend towards new developments being built around the assumption of car ownership and use, with high levels of car parking and limited or no provision for alternatives.”²⁵⁵ For example, the need to deliver housing targets means sites for new

²⁴⁷ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev29, page 4

²⁴⁸ House of Commons Transport Committee, [Oral evidence: Responsibilities of the Secretary of State for Transport](#), HC 1169, 3 February 2021, Q52

²⁴⁹ House of Commons Transport Committee, [Oral evidence: Responsibilities of the Secretary of State for Transport](#), HC 1169, 3 February 2021, Q52

²⁵⁰ Transport Planning Society, [State of the Nations: Transport planning for a sustainable future](#), October 2020, page 8

²⁵¹ HM Treasury, [Spring Statement 2022](#), March 2022, para 3.10

²⁵² Campaign for Better Transport, [Fuel duty cut in Spring Statement sends the wrong message](#), 23 March 2022

²⁵³ Department for Transport, [Decarbonising Transport: A Better, Greener Britain](#), July 2021

²⁵⁴ Transport Planning Society, [State of the Nations: Transport planning for a sustainable future](#), October 2020

²⁵⁵ Transport Planning Society, [State of the Nations: Transport planning for a sustainable future](#), October 2020, page 8

developments are often located in isolated areas outside of towns which are harder for bus services to serve, according to Transport for New Homes.²⁵⁶

Incentivising bus use, however, may not be enough to achieve the Government's objectives, without measures to discourage driving. Stagecoach, a large bus operator, has argued that the Government needs to introduce measures which disincentivise driving, such as congestion charges, parking restrictions and workplace parking levies.²⁵⁷ London, where bus use increased significantly from the early 2000s, has had a congestion charge since 2003.²⁵⁸ Nottingham, one of the few cities to have increased patronage before the pandemic, introduced a Workplace Parking Levy in 2012 on workplaces with over 10 parking spaces.²⁵⁹

Zero emission bus fleet

Only a small percentage of UK emissions from transport (2.5% in 2019) come from buses and coaches.²⁶⁰ However, to reduce these emissions the Government has committed to deliver a zero-emission bus fleet.²⁶¹ Most buses in England (79%), however, run on diesel. Only 2% of the country's bus fleet was zero emission by the end of 2020/21.²⁶²

Zero emission vehicles are those with no carbon emissions from the tailpipe. There are two main types of zero emission buses: battery electric and hydrogen fuel-cell buses.²⁶³ Most sales of zero-emission buses have been for battery-electric buses; hydrogen buses still represent less than 1% of the bus fleet in England.²⁶⁴ There are also low and ultra-low emission vehicles, such as hybrid buses and buses that use alternative fuels, such as biofuels.²⁶⁵ According to the International Council for Clean Transportation, only battery electric and hydrogen fuel-cell buses are likely to be able to deliver the scale of decarbonisation needed to meet climate targets.²⁶⁶ The Government's view is that "low or ultra-low emission vehicles should only be purchased where a zero-emission vehicle is not a viable operational alternative,"²⁶⁷ although other alternative fuels could be used to help reduce emissions while zero-emission alternatives develop.

²⁵⁶ Transport for New Homes, [Project summary and recommendations](#), JULY 2018

²⁵⁷ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev43, para 5

²⁵⁹ National Audit Office, [Improving local bus services in England outside London](#), October 2020, page 65

²⁶⁰ Department for Transport, [Decarbonising Transport: A Better, Greener Britain](#), July 2021, page 38

²⁶¹ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

²⁶² Department for Transport, [Annual Bus Statistics: England 2020/21](#), November 2021

²⁶³ Zemo Partnership, [Buses and coaches](#) [accessed on 8 May 2022]

²⁶⁴ Department for Transport, [Annual Bus Statistics: England 2020/21](#), November 2021

²⁶⁵ Zemo Partnership, [Buses and coaches](#) [accessed on 8 May 2022]

²⁶⁶ International Council for Clean Transportation, [Decarbonising bus fleet: Global overview of targets for phasing out combustion engine vehicles](#), December 2021

²⁶⁷ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

There are barriers limiting the uptake of zero emission buses. For example, there are still questions about which technology, battery or hydrogen, to use in different circumstances, especially longer journeys.²⁶⁸ The life-time costs of running and maintaining a bus still favour diesel buses.²⁶⁹ Arriva and Stagecoach, two large bus operators, suggest the upfront costs, along with the cost of replacing batteries, outweigh the potential savings of a zero emission bus.²⁷⁰ The availability of charging infrastructure, together with the supply of electricity, acts as a barrier to the adoption of battery-electric buses.²⁷¹ While it is faster to refuel a hydrogen bus than a battery-electric one, more hydrogen refuelling stations are needed if more hydrogen buses are going to be adopted.²⁷²

In transitioning to a zero-emission bus fleet, the Government is wary not to introduce measures that could unintentionally increase carbon emissions overall.²⁷³ In the National Bus Strategy, the Government argued:

A key factor will be ensuring these ambitions do not make bus services more expensive to operate overall, otherwise fares will rise or services will be cut – potentially leading to greater overall carbon emissions as more journeys are made by car.²⁷⁴

Polling commissioned by Stagecoach, a large bus operator, found that most people (over 60% out of a sample of 2000) believed zero emission buses were a good idea and that the environmental benefits outweighed the life-time costs.²⁷⁵ However, while supportive of zero emission buses, respondents also indicated that they would use buses less if fares rose to cover the cost of this transition.²⁷⁶

²⁶⁸ House of Commons Transport Committee, [Fuelling the future: motive power and connectivity](#), HC973, EV24 (pdf)

²⁶⁹ Campaign for Better Transport, [Zero Emission Bus Summit: How can we speed up the transition to zero emission buses?](#), October 2021 (pdf)

²⁷⁰ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev43; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev52

²⁷¹ Campaign for Better Transport, [Zero Emission Bus Summit: How can we speed up the transition to zero emission buses?](#), October 2021; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, EV53; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev55

²⁷² House of Commons Transport Committee, [Fuelling the future: motive power and connectivity](#), HC973, EV45

²⁷³ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

²⁷⁴ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021

²⁷⁵ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev43, para 25;

Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev43, para 26

²⁷⁶ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev43

4.5

The National Bus Strategy: progress so far

Table 1 summarises the progress that has been made against some of the interventions outlined in the National Bus Strategy.

Table 1: Progress on the National Bus Strategy

Greater role for local transport authorities	Enhanced Partnerships	<p>Most local transport authorities (76 out of 79) plan to form an Enhanced Partnership.²⁷⁷</p> <p>These partnerships were originally due to be formally established by April 2022.²⁷⁸ The DfT said it revised the timetable because local transport authorities were not in a position to “prioritise their interventions and commitments” by April, due to the ongoing shortfall in demand.²⁷⁹ The timeline for when EP Plans and EP Schemes will be formally introduced is not clear.</p>
	Franchising	<p>Three mayoral combined authorities are pursuing the process to franchise services.²⁸⁰</p>
	Municipal bus companies	<p>The Government has not yet published any proposals to amend or repeal the legislation banning the creation of new municipal bus companies.</p>
Bus Service Improvement Plans		<p>All of the 79 local transport authorities have published a local Bus Service Improvement Plans. Indicative funding for 31 of these plans was announced in April 2022.²⁸¹ By 2 May 2022, each local transport authority needed to set out how it planned to use its funding allocation.²⁸² The DfT is due to provide further feedback on each of these plans by the end of May 2022 and has said each plan will receive further scrutiny over the coming months.²⁸³</p>

²⁷⁷ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 33

²⁷⁸ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 40

²⁷⁹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 53

²⁸⁰ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 31

²⁸¹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 52

²⁸² Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 52

²⁸³ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 202, 2022-23, Ev61, para 52

Socially necessary services	Guidance for local transport authorities	The Government has not yet published guidance for local transport authorities on socially and economically necessary services.
	Statutory requirement	The Government has not yet published any proposals to introduce a statutory requirement on local transport authorities to ensure the provision of socially and economically necessary services.
Tackling congestion	Bus priority measures	Proposals for bus priority measures are included in the local Bus Service Improvement Plans.
	Moving traffic offences	Powers available to local authorities come into force from 31 May 2022 (See Box 4)
Zero emission buses	Ending the sale of diesel buses	The Government plans to end the sale of new non-zero emission buses by 2032 at the latest. ²⁸⁴
	Funding for 4,000 zero emission buses	The Government has so far provided funding for 2000 zero emission buses across Great Britain. ²⁸⁵ However, it is not clear how many of these are in use.
Bus Service Operators Grant	The Government said it would consult on reforms to the BSOG in 2021. However, this consultation was delayed. The Government is now planning to consult on these reforms in 2022. ²⁸⁶	

In March 2022, the Transport Select Committee launched an inquiry to investigate the progress of the Government's National Bus Strategy. More information on the Transport Committee's is available on its inquiry page, [National Bus Strategy: one year on](#).

²⁸⁴ Department for Transport, [Ending UK sales of new, non-zero emission buses and calls for evidence on coaches and minibuses](#), March 2022, page 10

²⁸⁵ Department for Transport, [UK on track to reach 4,000 zero emission bus pledge with £200 million boost](#), 26 March 2022

²⁸⁶ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 95

5 Key areas of debate on the National Bus Strategy

5.1 Do local authorities have enough control?

In most parts of England, local transport authorities will play a greater role in planning local bus services following the National Bus Strategy. In the strategy, the Government was clear bus services can no longer be planned solely on a commercial basis, with limited input from local transport authorities.²⁸⁷ There is a debate over which model, Enhanced Partnerships or franchising, is more beneficial, as both models have strengths and weaknesses.

Enhanced Partnerships versus franchising

Enhanced Partnerships

Once established, Enhanced Partnerships will be the most common model for running bus services in England outside London. Local transport authorities could have decided to franchise services instead; other forms of voluntary and statutory partnerships (see Section 2.3) were not an option if local transport authorities and operators wanted to remain eligible for central government support.²⁸⁸ For most local transport authorities establishing an Enhanced Partnership means they will play a greater role in planning their local bus markets.²⁸⁹

The Government's view is that these partnerships continue to give operators a "real say" over local services, make use of their commercial skills and knowledge and can deliver many of the same benefits faster than franchising.²⁹⁰ According to the DfT:

the more important interventions are more bus priority, better co-ordination between operators and the LTA, properly integrated services and ticketing,

²⁸⁷ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 22

²⁸⁸ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 40

²⁸⁹ Only one local transport authority, Hertfordshire County Council, had introduced an Enhanced Partnership before the National Bus Strategy; National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 3.8

²⁹⁰ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, pages 13 & 40

fares cuts and frequency improvements. These are likely in most places to be more quickly and cheaply achievable through Enhanced Partnerships.²⁹¹

Enhanced Partnerships, in effect, place a suite of locally agreed restrictions on a deregulated bus market.²⁹² For some critics, the adoption of Enhanced Partnerships represents the continuation of a failed approach, which does not give local transport authorities enough control.²⁹³ The Association of British Commuters, for example, criticised this model because it “continues the failed policy of bus deregulation.”²⁹⁴ In their view, Enhanced Partnerships offer “even bigger streams of profit for bus companies as they [bus operators] benefit from increased road space.”²⁹⁵ The Center for Human Rights and Global Justice’s view is that these partnerships represent “a tried and failed approach”, which is not a substitute for public control and public ownership.²⁹⁶ The Centre for Cities argued that Enhanced Partnerships:

[...] are an evolution of an imperfect arrangement that forces transport planners to work around bus operators. This makes it impossible to have a single guiding mind while operators will inevitably deliver services that maximise returns for shareholders – not necessarily what is best for a city. An EPS is a stop-gap solution; it is a fudge which stops mayors from delivering the quality bus networks their electorate rightly expect.²⁹⁷

It may still be too early to assess the extent to which these partnerships will deliver a significant improvement. The DfT expect Enhanced Partnerships to improve services, even in places which have not received funding to help deliver their local Bus Service Improvement Plans.²⁹⁸ However, the scale of ambition to improve bus services varies between local transport authorities. For example, Transport Focus noted that the targets local areas have proposed to increase bus use range “from the relatively cautious to distinctly ambitious.”²⁹⁹ Most draft EP Schemes, according to Transport Focus, include a mechanism for revising the commitments both parties have made.³⁰⁰ Local transport authorities and operators who have not received any funding towards their BSIP may decide to scale back their ambitions and commitments.

²⁹¹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 50

²⁹² Department for Transport, [the National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#), July 2021

²⁹³ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 04; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev54;

²⁹⁴ [Five Reasons the National Bus Strategy will FAIL to deliver... and what we can do about it](#), Association of British Commuters, 19 March 2021

²⁹⁵ [Five Reasons the National Bus Strategy will FAIL to deliver... and what we can do about it](#), Association of British Commuters, 19 March 2021

²⁹⁶ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 04

²⁹⁷ Centre for Cities, [Get on board](#), June 2021;

²⁹⁸ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 16

²⁹⁹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev29, page 4

³⁰⁰ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev29, page 6

Franchising

The main benefit of franchising is that local transport authorities have more control over local services. They can set the routes, services, fares and vehicle standards for local services. They can also retain the revenue from fares; retaining the income from fares means local transport authorities can cross-subsidise services, so more profitable ones help fund others that are less commercially viable. A local transport authority could, for example, award an operator exclusive rights to a profitable route on the condition they provide certain socially necessary services.³⁰¹

The Centre for Cities is of the view that “meaningful controls over a city-wide bus network can only be delivered through franchising.”³⁰² They argue many of the actions a mayor may wish to take are either not possible through an Enhanced Partnership or require the agreement of local operators.³⁰³ Liverpool City Region is one the few areas planning to franchise local bus services. The city region told the Transport Committee in April 2022:

under the current operational model, the public sector locally provides around £65 million per year to support bus operations in the City Region but has very little meaningful influence over factors such as network coverage and pricing strategies.³⁰⁴

There are, however, a number of disadvantages with franchising. For example:

- the statutory process for introducing franchising is long and complex;³⁰⁵
- franchising places significant costs on local transport authorities (e.g. needed to purchase bus depots);³⁰⁶
- many local authorities do not have the capacity and skills to franchise services.³⁰⁷

In the National Bus Strategy, the Government said areas wishing to pursue franchising should introduce an Enhanced Partnership first, given the length of time it can take to follow the statutory process for doing so.³⁰⁸ Those in favour of franchising argue that the Government should simplify the franchising process and provide support and funding to local transport

³⁰¹ Campaign for Better Transport, [Three stages to better bus services: using the Bus Services Act](#), July 2018, page 21

³⁰² Centre for Cities, [Get on board](#), June 2021

³⁰³ Centre for Cities, [Get on board](#), June 2021

³⁰⁴ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev58, page 3

³⁰⁵ Center for Human Rights and Global Justice, [Public Transport, Private Profit The Human Cost of Privatizing Buses in the United Kingdom](#), July 2021, page 30

³⁰⁶ Center for Human Rights and Global Justice, [Public Transport, Private Profit The Human Cost of Privatizing Buses in the United Kingdom](#), July 2021, page 30

³⁰⁷ Campaign for Better Transport, [The future of the bus: Policy and fiscal interventions as part of a National Bus Strategy](#), September 2019, page 38

³⁰⁸ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021, page 40

authorities wishing to adopt this model.³⁰⁹ In response to the National Bus Strategy, the Confederation of Passenger Transport, suggested the debate over regulatory models, such as franchising, is a distraction from the critical question of providing better services and growing bus use.³¹⁰

Public ownership

A handful of bus companies in England are owned by local authorities. However, municipal bus companies are common in cities in Europe. Those in favour of public ownership argue it saves on the costs of contracting services and allows more money to be reinvested in services, as less money is used to pay dividends.³¹¹ According to the Centre for Human Rights and Global Justice, “the hallmarks of public ownership, including control, profit retention, and accountability,” mean this model is “well-suited for operating a strong service.”³¹² The Bus Services Act 2017 banned the creation of new municipal bus companies. The Government’s view at the time was that responsibility for providing and commissioning bus services should be kept separate.³¹³ However, in the National Bus Strategy, the Government committed to review this legislation. Baroness Vere, the Buses Minister, told the Transport Committee in April 2021 that there were examples of some strong municipal bus companies in England, but also some which had failed:

[...] it is not a case of municipal, good, and commercial operators, bad, but we will review the legislation that is currently in place about whether new municipals can be set up. It may be that we decide there should be no restriction on new municipals, but we need to make sure that, if they are set up, they are set up to succeed and that they do not end up failing. There are many examples of local authorities dipping their toe into the commercial waters and failing in lots of different sectors.³¹⁴

Local authority capacity and capability

One of the key challenges to the delivery of the National Bus Strategy is the level of capacity and capability within local transport authorities, especially their transport planning teams.³¹⁵ The financial pressures on local authorities have led to a reduction in their transport skills and capacity, according to the NAO. This is particularly a problem in county councils, especially rural

³⁰⁹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev24, para 2.16, Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 04

³¹⁰ [CPT reacts: National Bus Strategy](#), Confederation of Passenger Transport, 15 March 2021

³¹¹ [BBC Debate 14 March 2017 cc57 & 59](#)

³¹² Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 04

³¹³ Transport Committee, [Oral evidence: National Bus Strategy](#), HC1344, 21 April 2021, Q40 [Baroness Vere]

³¹⁴ Transport Committee, [Oral evidence: National Bus Strategy](#), HC1344, 21 April 2021, Q40 [Baroness Vere]

³¹⁵ National Audit Office, [Improving local bus services in England outside London](#), October 2020; Campaign for Better Transport, [The future of the bus: Future funding arrangements](#), October 2019

counties.³¹⁶ Before the National Bus Strategy this lack of capacity and capability within local transport authorities was deemed to have contributed to the “slow pace of improvement in bus services” and the limited uptake of powers introduced by the Bus Services Act 2017.³¹⁷ According to the Campaign for Better Transport:

35 years since the deregulation of the bus market many local authorities outside of major conurbations now lack the institutional memory, capabilities and skills required to oversee and improve bus services in their area. This is a central contributor to slow take up of Bus Services Act 2017 powers.³¹⁸

The National Bus Strategy recognised the need to support the capacity and skills within local transport authorities to deliver their Enhanced Partnerships and Bus Service Improvement Plans and provided funding for this purpose.³¹⁹ However, this remains a problem. The Campaign for Better Transport, which has been working with the DfT to examine the skills and capacity requirements of local authorities, suggested that unless Government “directly targets under-resourced areas” that they will continue to miss out on funding.³²⁰ In 2022/23, the DfT is providing funding to every local transport authority to help improve their capacity. The DfT in April 2022 confirmed that this funding would be used to help local transport authorities employ a dedicated Enhanced Partnership Officer.³²¹

5.2

Is there enough money?

Will more funding be needed to maintain services due to the shortfall in demand?

The bus sector remains reliant on Covid-19 support from Government. Passenger numbers have not returned to pre-pandemic levels. There are also other cost pressures affecting the industry’s finances. From 2018/19 to January 2022, the industry’s costs have risen by 12%, mainly due to rising fuel prices and increases in staff wages.³²²

³¹⁶ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 4.3 Transport Committee, [Oral evidence: Reforming public transport after the pandemic](#), HC 676, February 2021, Q199 [Norman Baker]

³¹⁷ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 4.3

³¹⁸ Campaign for Better Transport, [The future of the bus: Future funding arrangements](#), October 2019, page 38

³¹⁹ Department for Transport, [Bus Back Better: National Bus Strategy for England](#), March 2021; Department for Transport, [National Bus Strategy: Bus Service Improvement Plans Guidance to local authorities and bus operators](#), May 2021, para 1.29

³²⁰ Campaign for Better Transport, [The BSIPs are in, what next?](#), 1 December 2021

³²¹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 91

³²² Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev55

In March 2022, the Government extended Covid-19 support for the bus sector until October 2022, with an extra £146billion through the Bus Recovery Grant.³²³ The Bus Recovery Grant was due to end in April 2022. Without extra support, the sector forecast that it faced a funding gap of up to £350million in 2022/23, due to shortfalls in demand and rising cost pressures.³²⁴ Bus operators, councils and passenger groups warned the Government this funding shortfall meant up to 30% of services were at risk of being cut.³²⁵ Unless passenger numbers improve, the sector warns that the same problem is likely to occur in October 2022, when the current tranche of Covid-19 support ends, as there will still be a gap between the industry's revenue and its costs.³²⁶ The Urban Transport Group, which represents transport authorities in city regions, suggest cuts to services would have a disproportionate impact on those groups who use bus services more frequently (see Section 2.1.).³²⁷

The Government, in March 2022, stated this latest round of Covid-19 support will be the last. It wants operators and local transport authorities to adapt local bus networks, so they are financially sustainable.³²⁸ This includes identifying those passengers who have not returned and taking steps to attract them back.³²⁹ The DfT explain that to allocate bus funding effectively local transport authorities and operators “need to understand the likely base level of services and demand that they will expect in the future.”³³⁰

Some stakeholders have expressed concern that routes and services may be cut to make local networks financially sustainable, which, for some, is at odds with the aspirations of the National Bus Strategy. The Campaign for Better Transport argue the sector is, in effect, being “forced to accept current patronage numbers as “the new normal” without being given a fair shot of recovery.”³³¹ The Urban Transport Group has argued this approach does not align with the National Bus Strategy's aspirations for more, rather than fewer, services.³³²

Operators, and those representing them, recognise the sector's recovery will entail adapting existing bus networks to the future patterns of travel that emerge.³³³ However, to avoid damaging passengers' confidence in the sector

³²³ DfT, [Local transport update: financial support for bus and light rail services](#), 1 March 2022; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 9; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 71

³²⁴ House of Lords Built Environment Committee, [Uncorrected oral evidence: Public transport in towns and cities](#), Tuesday 8 February 2022, Q11[Graham Vidler]

³²⁵ Local Government Association, [Bus routes face axe unless emergency funding support extended](#), 14 February 2022

³²⁶ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07

³²⁷ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev24

³²⁸ DfT, [Local transport update: financial support for bus and light rail services](#), 1 March 2022

³²⁹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 72

³³⁰ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 73

³³¹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev51

³³² Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev24

³³³ Transport Committee, [Oral evidence: Reforming public transport after the pandemic](#), HC 676, February 2021, Q175[Alistair Hands] and Q194 [Graham Vidler]

and to help rebuild services at a later stage, CPT emphasised that changes to services should be managed in a “planned, phased” manner.³³⁴ Though they recognised that local networks may be reduced, they also highlighted that delivering the objectives of the National Bus Strategy, along with net zero and Levelling-Up, would be more challenging than if the sector was able to retain pre-pandemic levels of provision.³³⁵ Transport for Greater Manchester’s view is that the further central government intervention is needed to stabilise the bus market, so the longer-term objectives of the National Bus Strategy can be met.³³⁶

Operators, local transport authorities and passenger groups have suggested the bus industry is likely to need more financial support, in addition to measures to stimulate demand. There are different views about the most suitable sources of revenue funding. Many stakeholders within the industry have called for a longer-term funding regime to help the sector recover. TfGM, for example, suggest central government funding should be provided over the next 3 years, gradually tapering off as the sector recovers to pre-pandemic levels.³³⁷ CPT has suggested local authorities, for example, could continue to fund concessionary fare payments at pre-pandemic levels.³³⁸

How much progress can be made with the funding available?

Local transport authorities and operators published their plans in October 2021. Based on analysis of a sample of these plans, the Confederation of Passenger Transport (CPT) suggested over £10 billion would be needed to fully deliver them.³³⁹

The Department for Transport wrote to local transport authorities in January 2022 informing them that prioritisation was “inevitable”, as the “scale of ambition” in local areas “greatly exceeds” the funds available.³⁴⁰ On 4 April 2022, the DfT announced how it decided to allocate these funds; of the 79 local transport authorities who submitted Bus Service Improvement Plans, 34 will receive funding to help deliver them.³⁴¹

The Campaign for Better Transport’s view is that “improving buses in a minority of places does not live up to the promise of a National Bus

³³⁴ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07

³³⁵ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07

³³⁶ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev41

³³⁷ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev41

³³⁸ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07

³³⁹ Confederation of Passenger Transport, [Analysis reveals billions of pounds shortfall in National Bus Strategy plans](#), 25 November 2021; Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07

³⁴⁰ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev51

³⁴¹ Department for Transport, [Cheaper and better buses in £7 billion package to level up transport outside London](#), 4 April 2022

Strategy.”³⁴²In response to the DfT’s announcement in April, the Campaign for Better Transport explained that:

majority of local authorities that submitted bids were unsuccessful and will not receive funds to deliver bus service improvement plans. Even those that have received funding will not have received all the money they requested and will therefore have to cherry-pick which improvements they can deliver.³⁴³

How should the funding be allocated?

The Government faces competing priorities over how to allocate the funding provided for the National Bus Strategy, such as how to allocate funding between:

- capital and revenue
- urban and rural areas
- local transport authorities
- different national policy priorities

Capital or revenue?

Money allocated to spending on buses, whether it is for revenue support or capital spending, delivers high or very high value for money³⁴⁴, according to analysis by KPMG.³⁴⁵ However, capital spending on measures such as bus priority measures and interchanges deliver a higher benefit-cost ratio, or BCR, than forms of revenue spending (e.g. supported services, reimbursement of concessionary fares and Bus Service Operators Grant).³⁴⁶ Analysis by KPMG in 2020 suggested that the best return on investment would come from funding infrastructure improvements, such as bus priority measures, in urban areas.³⁴⁷

Capital investment in bus priority and other infrastructure, such as interchanges, deliver benefits over many years, which means these interventions have a higher BCR than types of revenue support.³⁴⁸ KPMG recommended that between 60-70% of the funding allocated should go on capital spending, with the 30-40% used to fund revenue spending.³⁴⁹ However, some parts of the industry would like to see more resources spent on revenue. The Campaign for Better Transport recommended that:

³⁴² Campaign for Better Transport, [Bus funding will only help a ‘minority of places’](#), 4 April 2022

³⁴³ Campaign for Better Transport, [Bus funding will only help a ‘minority of places’](#), 4 April 2022

³⁴⁴ The Department for Transport considers interventions with a BCR of 2:1 to be high value for money, whereas interventions with a BCR of 4:1 represent very high value for money.

³⁴⁵ KPMG, [Maximising the benefits of local bus services](#), July 2020, page 32, Table 5

³⁴⁶ KPMG, [Maximising the benefits of local bus services](#), July 2020, page 32, Table 5

³⁴⁷ KPMG, [Maximising the benefits of local bus services](#), July 2020, para 6.5.3

³⁴⁸ KPMG, [Maximising the benefits of local bus services](#), July 2020

³⁴⁹ KPMG, [Maximising the benefits of local bus services](#), July 2020, para 6.5.3

the six months until the recovery grant expires should be utilised to reform funding away from competitive pots towards a dedicated long-term bus funding pot with a bigger proportion directed at revenue support.³⁵⁰

Urban or rural areas?

Urban and rural areas have different challenges. In towns and cities, for example, congestion negatively affects the ability of bus operators to provide commercial services. However, according to KPMG, urban areas, especially metropolitan areas, are most likely to be able to support a “significant commercial network”, although smaller urban areas may require some subsidised services to fill gaps the market cannot deliver commercially.³⁵¹ The Climate Change Committee suggested the greatest potential to shift car journeys to bus journeys is in urban areas.³⁵² Rural areas, in contrast, are less likely to be able to deliver a commercially viable network, as their populations are less dense and car ownership is more common.³⁵³ KPMG recommended that 88% of the funding available should be directed at improvements in metropolitan (44%) and urban, as well as semi-urban, areas (44%), with only 12% reserved for spending in rural areas.³⁵⁴ CPRE, the countryside charity, has expressed concerns that the local Bus Service Improvement Plans produced by local transport authorities and operators prioritise services to urban areas. Even if these plans were fully implemented, CPRE’s concluded many rural areas would be left with a “second rate service.”³⁵⁵

Net zero vs Levelling-Up

Another trade-off is how funding is allocated between different economic, environmental and social objectives. There are trade-offs between these objectives, but also within them. For example, in terms of decarbonising transport, there are trade-offs between the amount of funding used to fund zero emission buses and how much is channelled to measures that encourage modal shift. For example, KPMG suggested that:

once demand has recovered to a new steady state, there will be little benefit in investing in zero-emission vehicles if the vehicles become stuck in traffic and are not fully utilised. Whilst new vehicles will support decarbonisation, they will do little to increase patronage.³⁵⁶

Allocating funding between local transport authorities

The Government has had to make another trade-off in terms of how to distribute the funding available between the 79 local transport authorities that submitted Bus Service Improvement Plans. In March 2022, the Campaign

³⁵⁰ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev51

³⁵¹ KPMG, [Maximising the benefits of local bus services](#), July 2020, para 6.2

³⁵² Climate Change Committee, [Sixth Carbon Budget: Surface Transport](#), December 2020, page 8

³⁵³ KPMG, [Maximising the benefits of local bus services](#), July 2020, para 6.2

³⁵⁴ KPMG, [Maximising the benefits of local bus services](#), July 2020, para 7.5

³⁵⁵ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev35

³⁵⁶ KPMG, [Maximising the benefits of local bus services](#), July 2020, para 6.2

for Better Transport suggested that the Government faced some hard choices, such as whether to:

spread a limited pot much more thinly, asking LTAs to cherry-pick a limited scale of measures with the danger that this could mean that without the whole package planned, wider service improvements may not materialise? Or do they fund a much smaller number of LTAs, most likely urban, that stand a better chance to generate return on investment? This would mean that authorities deemed as lacking ambition that have tended to miss out on funding in the past will continue to miss out.³⁵⁷

The Government decided to focus funding on 34 out of the 79 local transport authorities. This means most local transport authorities (60%) will not receive any funding to implement their plans.³⁵⁸ In addition, those are due to receive funding are unlikely to receive enough money to fully implement their plans, as the amount of funding requested by local transport authorities and operators was much higher than the funds available.

The level of ambition local transport authorities and operators exhibited through their local Bus Improvement Plans has been a critical factor in determining how much funding, if any, each local area received. According to the DfT:

Giving small sums to everyone, regardless of their level of ambition would have been unfair on those demonstrating high ambition and risked not bringing about real change anywhere.³⁵⁹

The DfT also informed the Transport Committee in April 2022 that, while it was not possible to fully fund all the plans, it was not desirable to either, as even the best local Bus Service Improvement Plans included measures that would not “produce sufficient new benefits for bus users,” such as new or expanded roads, which would give more capacity to motorists.³⁶⁰

Should local authorities continue to reimburse concessionary fares at pre-Covid rates?

Local authorities, specifically Travel Concessionary Authorities, reimburse operators for journeys made by those who are eligible for a concessionary bus pass. During the pandemic, the Government asked local authorities to reimburse operators for concessionary fare journeys at pre-Covid rates, as opposed to the actual number of journeys made by those with a bus pass during this time. As part of the ENCTS Recovery Strategy, the DfT said the current approach is that these payments will be adjusted over the next financial year to reflect the actual levels of concessionary fare journeys.

³⁵⁷ Campaign for Better Transport, [The National Bus Strategy one year on – what progress so far?](#), March 2021

³⁵⁸ Campaign for Better Transport, [Bus funding will only help a ‘minority of places’](#), 4 April 2022

³⁵⁹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 37

³⁶⁰ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 36

However, the DfT is clear that local authorities may wish to adopt a different approach in response to local circumstances.³⁶¹

Reverting to reimbursing operators for the actual number of journeys would put further pressure on the industry's finances, according to CPT, especially as travel among those eligible for a free bus pass is lower than that of fare-paying passengers.³⁶² CPT has urged local authorities to continue to reimburse operators at pre-pandemic rates.³⁶³ However, the LGA, in October 2020, called for an end to this emergency measure, arguing that it broke the link between the concessionary payments and the journeys made. The LGA argued this emergency measures means "local taxpayers are keeping private companies afloat rather than paying for journeys."³⁶⁴ The Campaign for Better Transport outlined that:

If the requirement is extended and not compensated for from central government, local authority budgets will be left with a huge hole which is likely to force further cuts to socially important bus services. But, if the reimbursements revert on the basis of actual usage, the income of private bus operators would fall further, threatening commercial services.³⁶⁵

Even before the pandemic, the reimbursement of statutory concessions was underfunded by £700million, according to the LGA.³⁶⁶ Local authorities have significant concerns about the impact this has on other services, such as supported services. In October 2020, the National Audit Office reported that:

Local authorities across England report an additional funding pressure within their transport budgets caused by the statutory duty to reimburse operators for free travel by older and disabled people. These statutory concessions, which cost local authorities more than £650 million in 2018-19, are akin to a locally delivered national benefit, which local authorities must pay for from their non-ringfenced funding.

Concessions spending now forms a larger proportion of the total that local authorities spend in relation to bus travel. However, the Department does not know how this impacts on the choices local authorities make about spending on supported services or working with operators on improvements.³⁶⁷

³⁶¹ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev61, para 75

³⁶² Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07

³⁶³ Transport Committee, [National Bus Strategy: one-year on](#), 20 April 2022, 2022-23, Ev 07

³⁶⁴ Local Government Association, [LGA: Concessionary fare funding being used to prop up private bus companies](#), 24 October 2020

³⁶⁵ Campaign for Better Transport, [A funding cliff edge is threatening local bus services](#), 24 January 2022

³⁶⁶ Local Government Association, [LGA: Concessionary fare funding being used to prop up private bus companies](#), 24 October 2020

³⁶⁷ National Audit Office, [Improving local bus services in England outside London](#), October 2020, para 2.16

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