



# Buses in Crisis

A report on bus funding  
across England and Wales  
2010 - 2016



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## 1. Foreword



**Stephen Joseph**  
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More people commute to work by bus than by all other public transport combined. Yet buses are still looked upon as a local issue – they rarely make national headlines and politicians rarely don their hard hats and hi-viz jackets to visit bus projects. Yet they matter, to individuals and communities, and to the economy.

For millions of people buses provide everyday transport and the decisions made about buses and their funding matters a lot to many people in their everyday lives. Buses are essential for the quarter of UK households without a car; over half of households on the lowest incomes fall into this category and bus use rises as income falls.

Young people need reliable and affordable bus services in order to access education and employment, particularly apprenticeships. Bus services are therefore vital if the Government is to achieve its target of three million apprenticeships. For older people buses are a lifeline away from isolation and loneliness, giving them access to social activities, health services and shops. Accessible public transport is often crucial in keeping disabled people connected to their communities.

For many people in rural areas buses are essential, not just for work and education, but for independence. Buses are also important for leisure use, helping people gain access to and travel around the countryside more sustainably; they often also contribute to the overall visitor experience.

This report looks at what has been happening to supported bus services (supported by funding from local authorities) across England and Wales. With local authority funding being cut, support for bus services has been cut too. We have now been monitoring the impacts of annual cuts to supported bus services for five years and this report gives us a very clear picture as to what is happening on the ground.

We have found that 63 per cent of local authorities have made cuts to supported bus services in England and Wales. Supported bus services may only represent 17 per cent of bus services, but they are often the ones people and communities need most where no alternative transport exists.

Buses in England and Wales are at a crossroads. Whilst the Government has recognised for England the urgent need for legislative changes in its forthcoming Buses Bill, there is also the possibility of further funding cuts to the Bus Service Operators Grant (BSOG) in the current Spending Review. To ensure the legislative changes to buses in the Buses Bill are successful, bus funding must at the very least be kept at current levels.

On the current trajectory local authority supported bus services have a very uncertain future. This report highlights what is happening to these bus services but also makes practical suggestions for local and national government to adopt to ensure our buses have a bright future.





## 2. Executive summary

Local bus services across England and Wales are under threat. Government reductions in local authority funding have caused significant cuts to bus services supported by local authorities.

This report gathers together a picture of these cuts across England and Wales. This is the fifth year that Campaign for Better Transport has conducted this research, mapping and painting a very clear picture of what is happening to supported bus services across England and Wales and ultimately holding central and local government to account.

These supported bus services are services that are subsidised by local authorities because they are not provided by commercial bus companies. They often serve communities where no alternative transport exists, meaning that any cut or alteration can often have a huge impact on residents and local economies, creating what we describe as public transport deserts.

Supported buses also provide services in evenings and at weekends when services would otherwise cease. These subsidised or supported services represent

17 per cent of bus provision in England; this is a fall of two per cent on last year and a decline of seven per cent since its peak in 2009/10.<sup>1</sup>

Our research shows that this year 63 per cent of local authorities in England and Wales have cut funding for bus services, whilst 44 per cent have removed or withdrawn services. Local authority funding for supported bus services has fallen by £22.6 million. Around 425 routes have been reduced or altered, of which 145 have been withdrawn altogether. Since 2010, local authorities in England and Wales have cut £78 million in funding and over 2,400 routes have been reduced or withdrawn altogether.

This report highlights how, despite unprecedented financial pressure on local authorities, bus service withdrawals are not inevitable. The report includes two case studies from Nottingham City Council and Cornwall Council highlighting different positive approaches to bus provision in an urban and predominantly rural local authority area.

Our report recommends that a new approach is needed to support buses and public transport. We suggest three key areas for the Government to focus on three recommendations:

### 1. Buses Bill

The Government is promising a 'Buses Bill' to devolve new powers on buses to local authorities. We support this in the hope that it allows local authorities to plan networks properly and introduce simple, unified fares structures. This will be through franchising on the London model, or, as franchising may not to be the desired model for bus service delivery in all areas, through the strengthening of partnerships between bus operators and local authorities. However, with this legislation promised the Government must now avoid further reductions in the overall funding for buses as such cuts would undermine these reforms.

### 2. Connectivity Fund

A 'Connectivity Fund' should be established by bringing together the existing BSOG fund (around £230 million in 2014-15) with additional 'top slicing' from 11 other government departments that benefit from having good bus networks including the Department for Work and Pensions, the Department of Health, the Department for Environment Food and Rural Affairs and the Department for Education, into a ring-fenced pot for local government to support bus services.

It is suggested that this could pay for itself by reducing the cost of other public services and by supporting economic growth.

### 3. A Total Transport scheme

This is about bringing together the commissioning of local transport services by different public bodies in the same area, creating more sustainable and integrated networks. The Government has funded an £8 million pilot scheme across 37 local authorities and the early indications show potential gains in efficiency and services. We suggest the Government builds on these pilots by rolling out the scheme to allow all interested local transport authorities to bid for funding for this coordinated commissioning.

These three approaches should be linked into a government strategy and long-term vision for public transport. Without some of these reforms, and if nothing else changes, bus services will continue to be reduced or in some areas cease entirely, creating what we describe as 'public transport deserts' leaving people isolated and unable to get to work or access key facilities and public services.



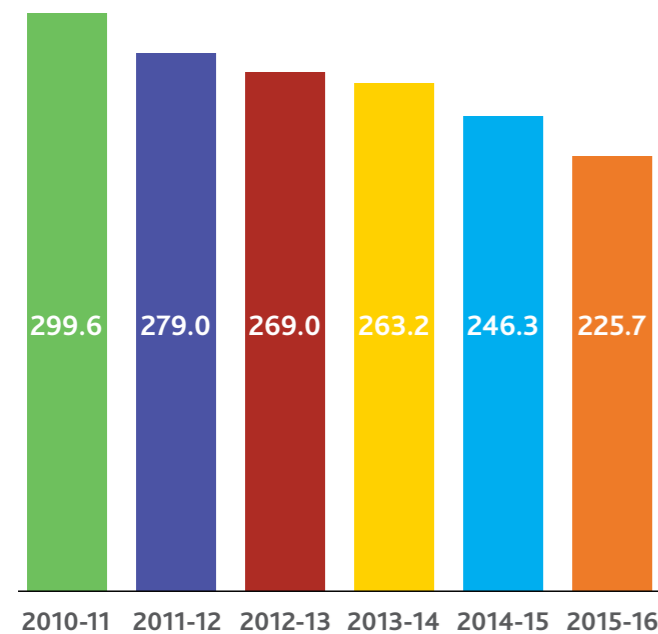


### 3. Key findings

#### England

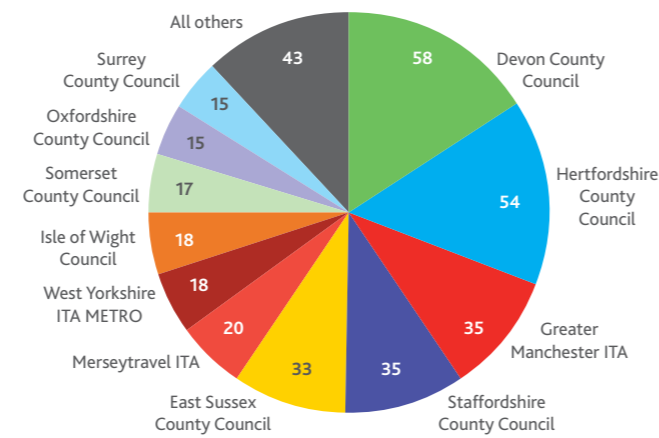
The key finding from our research is that in total £22.2 million has been cut from supported bus funding in England in 2015-16. With a £1.6 million increase in spending by some local authorities, a net reduction in funding of £20.5 million has been made to supported bus services in England. This is an 8.4 per cent reduction since 2014-15. Since 2010-11 a total of £73.8 million has been cut from supported bus services in England, a reduction of 25 per cent.

#### Total English spend on supported buses since 2010 (£m)



In England a total of 372 bus services have been reduced, altered or withdrawn in 2015-16. When broken down this equates to 248 bus services being reduced or altered whilst 124 bus services have been withdrawn altogether.

#### Total number of bus service cuts, alterations and withdrawals by local authority

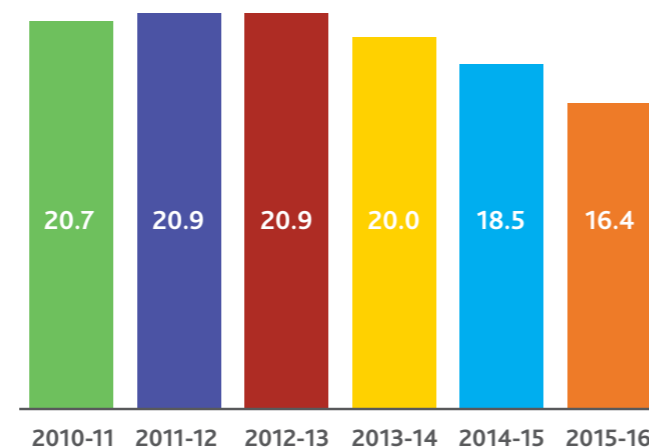


#### Wales

In Wales responsibility for bus services is devolved to the Welsh Assembly. The key findings from our research in Wales are that in total £2.1 million has been cut from supported bus funding in 2015-16 an 11.3 per cent reduction. Since 2010-11 a total of £4.2 million has been cut from supported bus services, a 20.6 per cent reduction overall. In Wales a total of 53 bus services have been reduced, altered or withdrawn in 2015-16. When broken down this equates to 32 bus services being reduced or altered whilst 21 have been withdrawn altogether.

All but five of the 22 Welsh local authorities have made cuts to bus funding in the past year.

#### Total Welsh spend on supported buses since 2010 (£m)



#### England and Wales

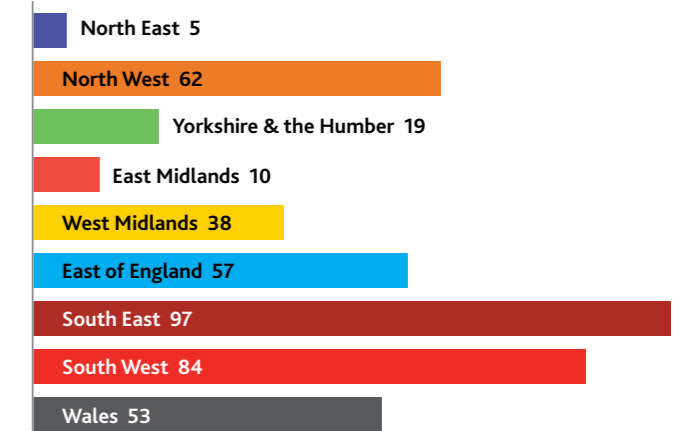
Our research shows that this year 63 per cent of local authorities in England and Wales have cut funding for bus services, whilst 44 per cent have reduced or withdrawn services. Since 2010-11 over 2,400 bus services have been reduced, altered or withdrawn altogether across England and Wales. Since 2010-11 the total cuts to supported bus services in England and Wales is £78.1 million, a reduction of 25 per cent.

#### Cuts across England and Wales 2014/15 vs 2015/16 (£m)

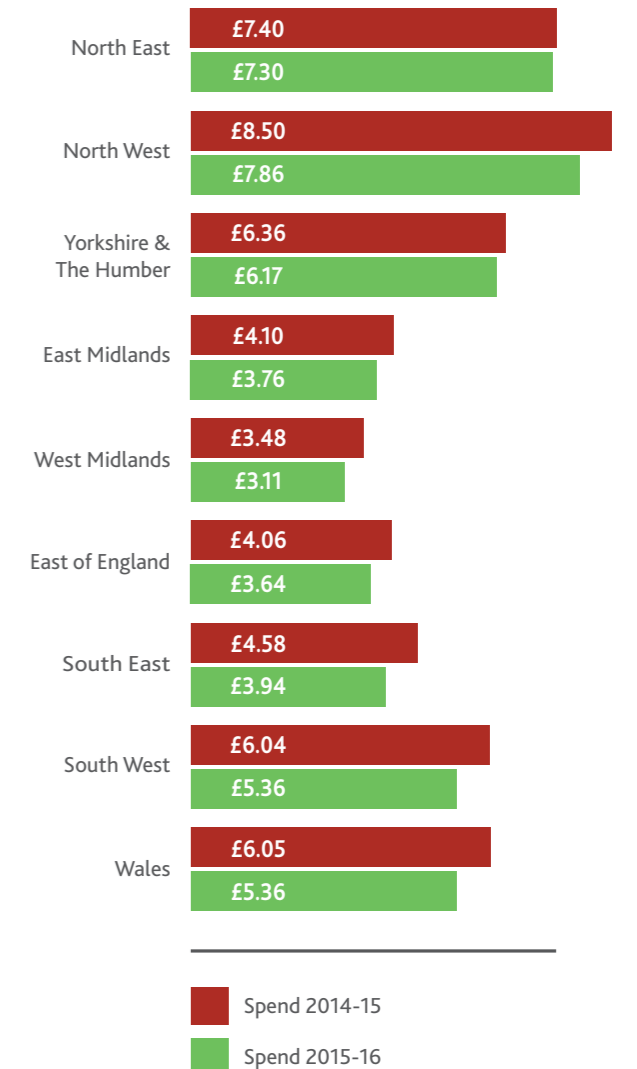


When comparing the budgets in the metropolitan areas covered by the six Combined Authorities/ Passenger Transport Executives (PTEs)<sup>2</sup> and non-metropolitan area budgets there are some interesting results: since 2014-15 non-metropolitan areas have cut in total 10.6 per cent from their supported bus budgets whilst overall metropolitan areas have cut 4.6 per cent. Since 2010 non-metropolitan areas have cut 25.3 per cent of bus funding whereas metropolitan areas have cut 7.3 per cent of funding.

#### Total number of bus service cuts, alterations and withdrawals by region



#### Spend per person 2014/15 to 2015/16





## 4. Methodology

The information about funding for supported buses and withdrawn routes has been collected by contacting all 82 local transport authorities in England as well as the six transport authorities responsible for public transport within large urban areas. We also contacted all 22 single-tier authorities in Wales. Freedom of Information requests under the Freedom of information Act 2000 were issued to all local authorities in England and Wales and all combined authorities or PTEs.<sup>3</sup>

The information requested this year looked at the previous financial year 2014-15 and this financial year 2015-16. Due to some minor anomalies in previous studies the questions we asked in the freedom of information requests for this report were more detailed to ensure that this survey is more comprehensive than those we have carried out previously. Some figures are slightly different from previous reports, because some local authorities have previously provided budgetary information rather than reporting their actual spending. All local authorities responded to our freedom of information requests.



## 5. Are buses in crisis?

Public funding for buses has seen reductions, year on year, for the best part of a decade. As part of the Coalition Government's Spending Review in 2010 it was announced that government funding to local authorities for transport would be cut by 28 per cent; and that BSOG - which provides direct support for all bus services - would be cut by 20 per cent from 2012-13.

In addition, the Department for Transport (DfT) changed the formula for funding local authorities for the statutory free travel scheme for older people and those with disabilities, and there have been further changes by the Department for Communities and Local Government.

Many local authorities have had their grants and other income severely reduced over the past five years and it is sadly inevitable that non-statutory services like buses are often the first in line to be lost. However, the performance of local authorities in dealing with the cuts in funding has been a mixed picture. In some cases there have been reductions to services even though budgets for supported services have increased slightly, in other cases local authorities have managed to protect supported bus services despite a cut in budget. Our two case studies focussing on Nottingham City Council and Cornwall Council highlight how urban and rural local authorities are using innovation to ensure their bus networks do not disappear.

Statistically it does not look good for buses. According to the DfT's annual bus statistics,<sup>4</sup> there were 4.65 billion passenger journeys on buses in England in 2014-15, meaning a fall of 27 million in the number of bus journeys taken in England since last year. Over the last decade in England outside of London, local authority supported bus services mileage has decreased by 55 million miles, and mileage on commercial services has not compensated for this loss rising by 13 million miles in the same time frame.



The percentage of bus mileage on supported services (which we focus on in this report) has decreased from 24 per cent in 2009-10 to 17 per cent in 2014-15.<sup>5</sup> This year marks the thirtieth anniversary since Royal Assent of the 1985 Transport Act which de-regulated bus services. Since then local bus passenger journeys made outside of London have decreased by 37 per cent. More than half of all bus passenger journeys made in England in 2014-15 occurred in London which has seen a 105 per cent increase in bus use since 1985.

It is clear from these statistics that when supported bus services are cut, commercial operators are not always able or willing to step in and fill the gaps left. Even when commercial operators do take on formerly tendered routes we are seeing cases where they then pull out after some months because they have been unable to make the services viable.

The current situation facing local bus services has recently been highlighted by Oxfordshire County Council. The council has just agreed to cut all funding for supported bus services which may result in over 100 routes and services being cut, many serving rural communities that will be effectively cut off if these changes go through.

Most bus services are provided commercially and, as noted already mileage here is rising. However, local authority supported bus services, which are often those meeting vital social and economic needs, are clearly in crisis and if there are further cuts to the BSOG and local authority transport funding this crisis will deepen and will affect commercial services too. Without a new approach this will hit hard the many people and communities across England and Wales who rely on buses for their everyday transport.



## 6. The cuts in buses - the numbers

The following tables aim to provide a clear picture of spending on supported bus services across England and Wales in 2015-16 and 2010-16.

The table opposite shows which local authorities that have reported cuts in spending, with the percentage of the cuts levied in 2015-16.

The table below highlights the level of supported bus spending by region since 2010.

Every region apart from the North West has seen a cut in spending over this time; the North West's performance is due to a significant increase in spending by Merseytravel Integrated Transport Authority since 2010, which has made up for cuts by other authorities in the region.

|                               | Supported Bus Budgets (£) |                    |                    |                    |                    |                    |
|-------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                               | 2010/11                   | 2011/12            | 2012/13            | 2013/14            | 2014/15            | 2015/16            |
| <b>North East</b>             | 20,448,790                | 20,243,874         | 20,201,269         | 19,443,496         | 19,201,675         | 18,955,405         |
| <b>North West</b>             | 53,175,690                | 54,598,022         | 57,587,719         | 58,304,709         | 59,970,207         | 55,457,659         |
| <b>Yorkshire &amp; Humber</b> | 46,977,558                | 42,358,666         | 38,630,086         | 36,500,195         | 33,654,100         | 32,606,296         |
| <b>East Midlands</b>          | 28,678,202                | 24,191,248         | 22,473,358         | 22,448,526         | 18,613,943         | 17,068,376         |
| <b>West Midlands</b>          | 25,611,840                | 24,308,450         | 22,527,920         | 21,910,910         | 19,510,581         | 17,464,631         |
| <b>East of England</b>        | 34,843,222                | 30,335,659         | 28,080,997         | 26,378,232         | 23,810,091         | 21,357,174         |
| <b>South East</b>             | 51,039,646                | 47,826,479         | 45,562,333         | 44,793,066         | 39,598,009         | 34,080,814         |
| <b>South West</b>             | 38,844,600                | 35,148,902         | 33,945,198         | 33,494,546         | 32,009,131         | 28,798,938         |
| <b>Wales Total</b>            | <b>20,677,951</b>         | <b>20,870,107</b>  | <b>20,864,508</b>  | <b>20,028,822</b>  | <b>18,518,953</b>  | <b>16,413,309</b>  |
| <b>England Total</b>          | <b>299,619,549</b>        | <b>279,011,301</b> | <b>269,008,880</b> | <b>263,273,680</b> | <b>246,367,737</b> | <b>225,789,293</b> |

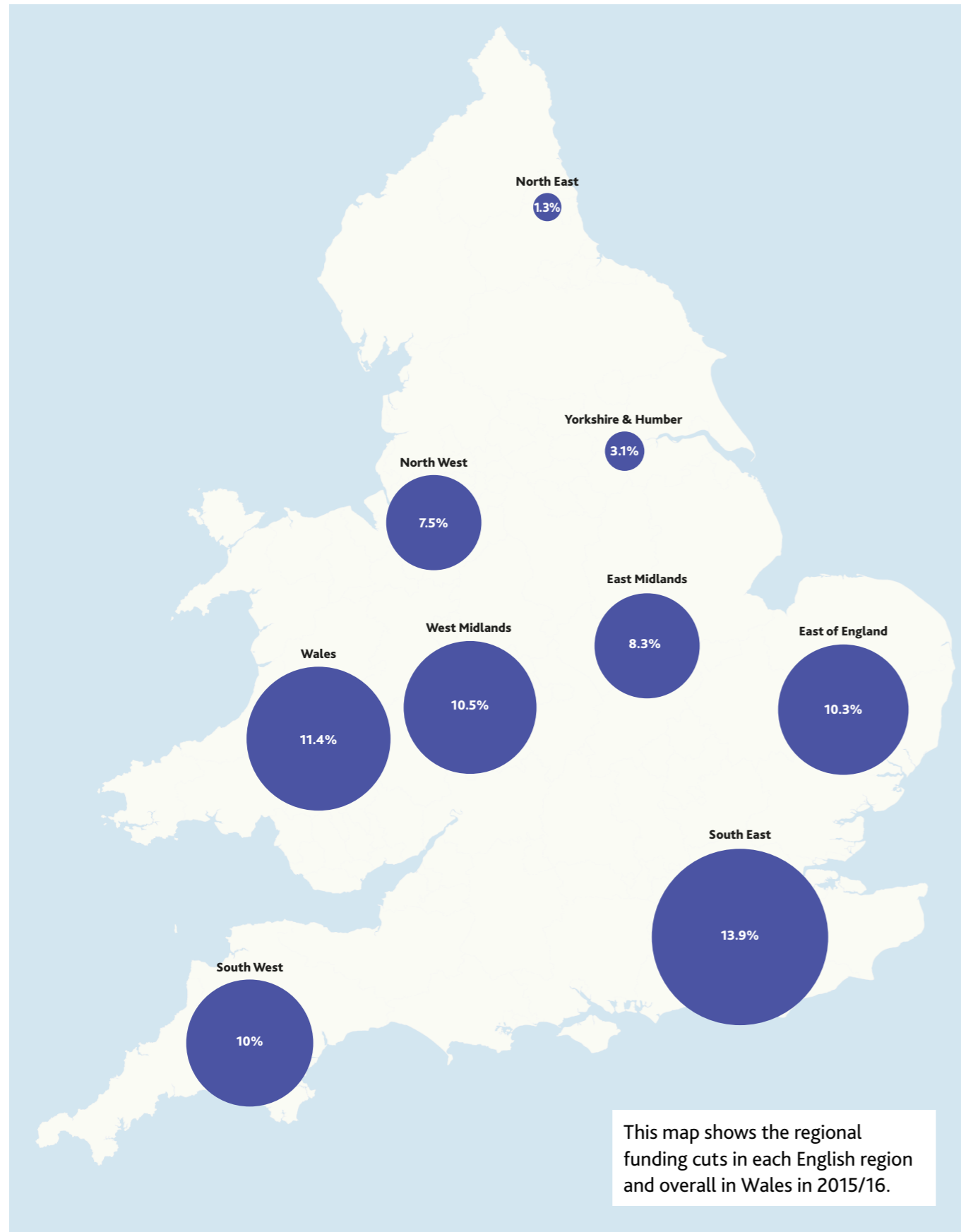
| Regional Funding Cuts 2015-16   | £                 | %             |
|---------------------------------|-------------------|---------------|
| <b>North East</b>               | 246,270           | 1.28%         |
| <b>North West</b>               | 4,512,548         | 7.52%         |
| <b>Yorkshire and the Humber</b> | 1,047,804         | 3.11%         |
| <b>East Midlands</b>            | 1,545,567         | 8.30%         |
| <b>West Midlands</b>            | 2,045,950         | 10.49%        |
| <b>East of England</b>          | 2,452,917         | 10.30%        |
| <b>South East</b>               | 5,517,195         | 13.93%        |
| <b>South West</b>               | 3,210,193         | 10.03%        |
| <b>Wales Total</b>              | <b>2,105,644</b>  | <b>11.37%</b> |
| <b>England Total</b>            | <b>20,578,444</b> | <b>8.35%</b>  |

| Spend per person                | 2014-15      | 2015-16      |
|---------------------------------|--------------|--------------|
| <b>North East</b>               | £7.40        | £7.30        |
| <b>North West</b>               | £8.50        | £7.86        |
| <b>Yorkshire and the Humber</b> | £6.36        | £6.17        |
| <b>East Midlands</b>            | £4.10        | £3.76        |
| <b>West Midlands</b>            | £3.48        | £3.11        |
| <b>East of England</b>          | £4.06        | £3.64        |
| <b>South East</b>               | £4.58        | £3.94        |
| <b>South West</b>               | £6.04        | £5.36        |
| <b>Wales</b>                    | <b>£6.05</b> | <b>£5.36</b> |
| <b>England Average</b>          | <b>£5.49</b> | <b>£5.03</b> |

| The councils spending nothing on supported buses |  |
|--|--|
| Hartlepool Council                               | Luton Borough Council                    |
| Stockton-on-Tees Council                         | Southend-on-Sea Borough Council          |
| Darlington Borough Council                       | Cardiff Council                          |
| Blackpool Borough Council                        | Neath Port Talbot County Borough Council |
| Cumbria County Council                           | Wrexham County Borough Council           |
| Stoke-on-Trent City Council                      |  |

| The councils making the largest cuts |            |
|--------------------------------------|------------|
| Hertfordshire                        | £1,718,235 |
| Surrey                               | £1,535,000 |
| Lancashire                           | £1,200,000 |
| Nottinghamshire                      | £1,100,000 |
| Bristol City Council                 | £1,000,467 |
| East Sussex                          | £956,000   |

| Local Authority Percentage Cuts 2015-16 |        |                                      |  |        |
|---|--------|--------------------------------------|--|--------|
| <b>North East</b>                       |        |                                      |  |        |
| Brighton and Hove City Council          |        | 0.8%                                 |  |        |
| Middlesbrough Council                   | 61.75% | Isle of Wight Council 49.11%         |  |        |
| Redcar and Cleveland Borough Council    | 3.52%  | Buckinghamshire County Council 6.89% |  |        |
| Durham County Council                   | 1.19%  | East Sussex County Council 43.2%     |  |        |
| Northumberland County Council           | 10.25% | Hampshire County Council 11.93%      |  |        |
| <b>North West</b>                       |        |                                      |  |        |
| Halton Borough Council                  | 3.05%  | Kent County Council 8.29%            |  |        |
| Warrington Borough Council              | 9.22%  | Oxfordshire County Council 33.96%    |  |        |
| Blackburn with Darwen Borough Council   | 20.02% | Surrey County Council 17.03%         |  |        |
| Cheshire East Council                   | 2.73%  | West Sussex County Council 20.68%    |  |        |
| Cheshire West and Chester Council       | 9.36%  | <b>South West</b>                    |  |        |
| Lancashire County Council               | 9.6%   | Bristol City Council                 | 25.66%                                   |        |
| Greater Manchester ITA                  | 13.95% | North Somerset Council               | 0.42%                                    |        |
| Merseytravel ITA                        | 1.33%  | South Gloucestershire Council        | 31.65%                                   |        |
| <b>Yorkshire and The Humber</b>         |        |                                      | Plymouth City Council                    | 0.9%   |
| North Yorkshire County Council          | 17.57% | Torbay Borough Council               | 83.59%                                   |        |
| South Yorkshire ITA                     | 9.64%  | Bournemouth Borough Council          | 0%                                       |        |
| <b>East Midlands</b>                    |        |                                      | Swindon Borough Council                  | 1.57%  |
| Derby City Council                      | 34.56% | Wiltshire Council                    | 16.22%                                   |        |
| Derbyshire County Council               | 2.86%  | Devon County Council                 | 6.98%                                    |        |
| Leicestershire County Council           | 9.68%  | Dorset County Council                | 0.69%                                    |        |
| Nottinghamshire County Council          | 20.75% | Gloucestershire County Council       | 17.36%                                   |        |
| <b>West Midlands</b>                    |        |                                      | Somerset County Council                  | 14.96% |
| Herefordshire Council                   | 31.25% | <b>Wales</b>                         |  |        |
| Staffordshire County Council            | 20%    | Blaenau Gwent Council                | 1.78%                                    |        |
| Shropshire Council                      | 3.89%  | Bridgend County Borough Council      | 26.1%                                    |        |
| Worcestershire County Council           | 11.03% | Caerphilly County Borough Council    | 1.71%                                    |        |
| West Midlands ITA CENTRO                | 8.43%  | Cardiff Council                      | 100%                                     |        |
| <b>East of England</b>                  |        |                                      | Carmarthenshire Council                  | 10.4%  |
| Thurrock Borough Council                | 61.8%  | Ceredigion Council                   | 15.5%                                    |        |
| Bedford Borough Council                 | 10.86% | Conwy County Borough Council         | 4.34%                                    |        |
| Central Bedfordshire Council            | 5.2%   | Denbighshire Council                 | 39.62%                                   |        |
| Hertfordshire County Council            | 40.79% | Flintshire Council                   | 4.58%                                    |        |
| Essex County Council                    | 2.35%  | Isle of Anglesey Council             | 11.04%                                   |        |
| Norfolk County Council                  | 10.1%  | Monmouthshire Council                | 12.43%                                   |        |
| <b>South East</b>                       |        |                                      | Neath Port Talbot County Borough Council | 100%   |
| Medway Council                          | 6.15%  | Newport City Council                 | 14.02%                                   |        |
| West Berkshire Council                  | 2.69%  | Pembrokeshire Council                | 8.33%                                    |        |
| Reading Borough Council                 | 11.16% | Powys County Council                 | 10.67%                                   |        |
| Slough Borough Council                  | 32.59% | Rhondda Cynon Taff Council           | 16.7%                                    |        |
| Milton Keynes Council                   | 10.89% | Swansea Council                      | 0%                                       |        |
|   |        | Torfaen Council                      | 0%                                       |        |



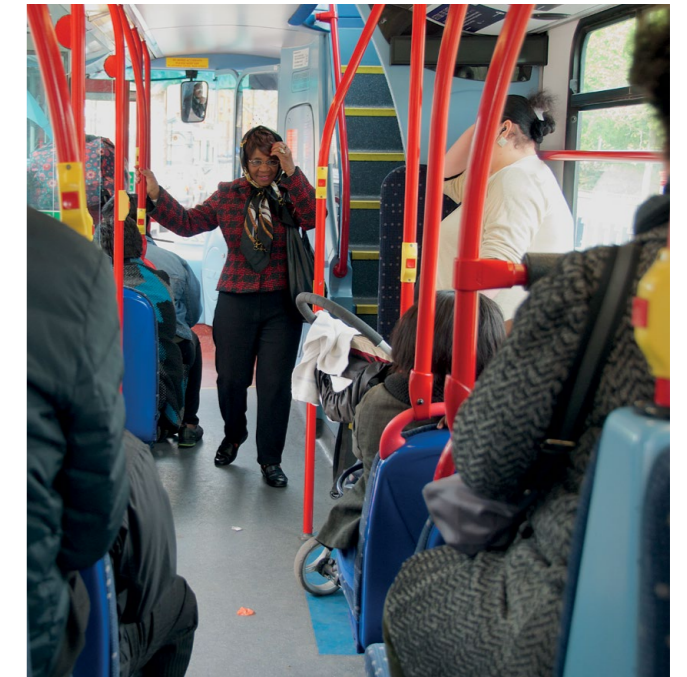
## 7. Central government funding and the Bus Service Operators Grant

BSOG is a grant paid by the DfT to all operators in England of eligible local bus services and community transport organisations, regardless of the type of service they run.

BSOG is essentially a fuel subsidy as bus operators are reimbursed for some of the excise duty paid on the diesel consumed by running their services. All eligible bus operators receive BSOG, though there are some variations in the level of rebate for example, in Better Bus Areas.<sup>6</sup> BSOG is also paid directly to local authorities for services that they support. Similar schemes operate in Scotland and in Wales, albeit with important differences in the way in which the grant is paid. This fund amounted to £230 million in 2014-15 in England.

### Value for money

In October 2014, Greener Journeys, working with KPMG LLP,<sup>7</sup> assessed the value for money provided by the current operating model. This research found that every £1 spent on BSOG generates between £2.50 and £3.50 in wider economic benefits. Research by the Passenger Transport Executive Group (pteg) found that if BSOG was cut entirely bus fares would rise by 10 per cent overnight and commercial buses would see a 10 per cent cut in services.<sup>8</sup>



In 2004/05, BSOG made up nine per cent of operating revenue but in 2013/14 this proportion had fallen to five per cent. Some of this decrease will be due to BSOG in London being devolved to Transport for London. As noted above, in the 2010 Spending Review the Coalition Government announced a 20 per cent reduction in BSOG. Since then it has remained vulnerable – the Government considered making further reductions to BSOG in 2013 but decided against more cuts following a joint campaign by bus operators, local authorities and campaign groups including Campaign for Better Transport. BSOG remains at risk of funding cuts through the current 2015 Spending Review, the outcome of which is due to be announced shortly.

If BSOG is protected in the Government's forthcoming Spending Review it must remain a ring-fenced fund for local authorities so as not to be absorbed in shrinking council budgets.

Yet these threats come at a time when the Government is committed to reforming the structure of the bus industry with a Buses Bill<sup>9</sup> promised. Cuts in bus funding would undermine these reforms. We suggest below some ways in which BSOG might be reformed, but it is essential that any reform preserves the current level of funding.



## 8. Case Study 1: Urban areas - Nottingham City Council

As we have highlighted in our previous Buses in Crisis reports, local councils have faced near 50 per cent cuts in government funding since 2010 and are often criticised for then making cuts to council services. However, many councils are looking at new and innovative ways of managing buses against this background of funding cuts. Nottingham City Council is one of those councils and Andy Gibbons, Head of Public Transport, outlines below what Nottingham City Council is doing to ensure buses continue to serve the needs of the people of Nottingham.

All councils are facing severe budget problems and are likely to do so for several years to come. Every month we hear of another area drastically cutting its tendered bus service network. The Passenger Transport Executive Group predicts a reduction in annual expenditure of £500 million over the four years from 2010, allowing for inflation.

Recent reports by Greener Journeys demonstrate the value of supported bus services in assisting the growth agenda and delivering social mobility. However, despite calculations of a benefit cost ratio above 3:1, expenditure remains discretionary and constantly vulnerable when councils are struggling to maintain core statutory services, particularly in adult and children's services.

Nottingham is no different to any other authority in facing such pressures. Despite a vibrant commercial bus network, around 12 per cent of trips are fully supported by the city council to the cost of around £4 million pa. Patronage levels on these services are either growing or static, with over seven million trips pa. It is also estimated that some three million pa commercial trips are also made because of connecting subsidised services.

In 2013, after three years of difficult cuts to other areas, it was faced with a bleak choice – either cut all tendered services and discounted travel schemes or come up with an alternative self-funding model within four years.

The ambitious self-funding option was chosen, supported by local politicians with a good track record in backing innovation such as the local workplace parking levy.

The overall package of measures uses a mix of the following approaches:

- Invest-to-save, often using successful external capital bidding processes
- Income generation from proven areas of local excellence
- Rethink and deliver in a completely different way
- Develop and build on strong partnership.

These are the ten work-strands that Nottingham City Council is focussing on:

- Identify providers of specialist bus services – works buses, college shuttles, school and health services – and examine their precise needs. Work with each provider in flexible open partnerships, amending existing council tendered services to incorporate these other movements. Use capital funds to purchase new accessible buses, together with bespoke ticketing and information systems to fully merge such movements into the mainstream network. In return, get the partner to contribute scarce on-going revenue funds.
- Use existing external grant opportunities to convert services from diesel to fully electric. We are now half way through converting our in house fleet of 60 buses to fully electric, with a network of charging points across the conurbation. With a 6p per km grant on electric buses and fuel duty rebate no longer being available for new diesel subsidised services, this gives savings of over £15,000 per bus per year. It's an extremely difficult project, but the rewards are substantial.

- Work closely with local community transport organisations to encourage them to take on tendered service work. Bolster their boards with greater professionalism, assist them in becoming financially stable through advice on bidding opportunities and bus operations. Redesign local bus service routes and timetables to dovetail with their other transport obligations eg dial a ride.
- Use smartcard datasets to identify which users of mainstream bus services also use costly specialist transport provision (taxis to hospital, special needs schools or day centres). Look at ways of amending the mainstream network to replace this expensive alternative provision, backed up by clever independent travel training tools and smart discounted ticketing.
- Redesign tendered service routes to incorporate car parks and park and ride sites – for connections not just to the city centre but to other congested hot spots such as events, universities and hospitals. Truncate some services to feed high frequency bus and tram routes in the suburbs, making them free to use in order to avoid the interchange fare penalty.
- Bid for grant opportunities and invest in large scale integrated electronic information and ticketing schemes. Get an ongoing income stream from transport operators for the commercial use of these systems. Substantially improve passenger waiting facilities with capital grants, allowing increased bus station departure fees to be applied.
- Introduce bike hire from public transport interchange points to non-central employment sites using external grant money, integrated or free with integrated ticket products. Aimed at sites where the majority of staff are mobile and young, this can be a way reducing bus capacity whilst providing more flexible provision in terms of operating times. Extend bike hire to replace inter-site college and works movements and to include electric bikes.

- Ensure developer funding opportunities to support bus services are pushed and promoted from an early stage in any potential development proposal. Lock these in with temporary discounted ticketing promotion, backed up with individual journey plans. Work very closely with planning and traffic management officers to embed the bus at the heart of these developments, rather than an afterthought. Ensure there is a paved walk link and safe crossing to the nearest bus stop, with a roadside staff entrance rather than one only from the site's car park
- Invest in smartcard and administrative ticketing systems to reduce fraud and running costs associated with discounted ticketing schemes. Use complex data analysis to determine local factors used in negotiations relating to operator payments. Spread costs of smartcard systems across other commercial ticketing schemes, through an integration of the retail network on offer.
- Continually design-in bus access to new road schemes, ensuring priority is given particularly in the city centre and on major radials. Bid for capital funds for works which improve reliability and reduce bus journey times, backed up by on-street and bus lane CCTV enforcement. Use strong partnerships, land use planning, retail, leisure and parking policies to maintain city centre vibrancy and the continued presence of commercially provided bus services. Not only has this reduced the need for more supported services, it has even led to the commercialisation of previously supported airport and university services.

Two years on and over £2 million per annum savings have been made. Nottingham is now half way to having a self-funded high quality, low emission tendered service network, maintaining levels of accessibility at 2010 levels. The journey so far has been difficult, risky and reliant on continued support from key partners. However, compared with the alternative of a downward spiral of irreversible cuts, it has been far more interesting and uplifting. Andy Gibbons, Nottingham City Council



## 9. Case Study 2: Rural areas - Cornwall

Cornwall has recently reached a devolution deal with the Government and as part of this has been promised greater powers over its bus services, which will be delivered through the Buses Bill. As a basis for these powers it has recently set out a strategy looking at all modes of public transport across the county. Coverage of the Buses Bill has focused on metropolitan areas, but rural areas must also reap some benefits. Here Lesley Barlow, Transport Planner from Cornwall Council, outlines their plans for the future.

The vision for public transport in Cornwall is one where there is a modern, attractive, integrated, high quality network that is affordable and easily understood. This will see the needs of the customer at the heart of a public transport system that provides access to services and better meets the needs of the local economy. We know that many people do not currently see the bus or train as a

viable alternative to the car due to the length of journey times, its inability to connect with other services and the perception of unreliability. It is therefore imperative that we invest in public transport to make it work for the people of Cornwall.

Frequent and high quality rail services are seen as a key priority to addressing growth and improving our connectivity. This has been reflected in the importance that we have given to working with the rail industry and our history of significant rail investment, spending £36.5 million on rail improvement schemes since 2002. This has seen patronage figures for Cornwall grow by 3.8 million since 2000 (or 141 per cent). This change has been delivered through the re-dualling of the mainline between Probus and Burngullow, facilitating improved services and timetabling, a passing loop and half hourly frequency service between Truro and Falmouth, as well as a programme of station improvements through our Riviera Project, all with the aim of creating a rail network that people want to use.

Having seen how people have responded to this change, we were keen to work with the train operator to see a more frequent mainline service of two trains per hour. This will deliver a huge step change in service provision and accessibility. This proposal formed a key element of Cornwall's Growth Deal bid, allowing the necessary re-signalling works to facilitate this improved frequency. The proposal also included the refurbishment and capacity improvements to the sleeper service and the relocation of the heavy maintenance depot to Long Rock, near Penzance. We are working to deliver these improvements to quality, capacity and frequency by December 2018 to coincide with the new Hitachi AT300s, which will be operated by Great Western Railways.

It is crucial that we build on our recent success and maintain the momentum of the last decade in Cornwall through the delivery of a sustained programme of public transport investment and improvement. We do not want to see a two-tier public transport system in Cornwall where rail services are better provided and better used

than our bus services. A customer focused public transport network is at the heart of Cornwall's plan to deliver a single, integrated public transport system. The network will integrate routes and timetabling for buses with local rail services, along with the provision of high quality, accessible and integrated travel information. This will improve the offering not only to existing passengers, but significantly improves its appeal to non-users. In this way we will increase public transport patronage on bus and rail to bring about an upturn in revenue making services and make the network as a whole more financially viable.

We have worked successfully with operators over the last 12 months to stabilise the network and services following the loss of one of our main operators and we hope to continue this partnership approach in achieving a customer focused network. The Buses Bill provides an opportunity for all of us to review how we deliver bus services in a rural area and ensure that they are sustainable and that they meet the needs of Cornwall today and in the future. Lesley Barlow, Cornwall Council.







## 10. Bus fares: a story of above inflation increases

Bus users are now facing significant bus fare increases as well as cuts to their services. The DfT recently released statistics<sup>10</sup> which show the rate of bus fare increases over the last decade. Most of the data is derived from the DfT's survey of bus operators.

In the past year up to March 2015, bus fares in England increased by 3.3 per cent, faster than the Retail Prices Index (RPI) rate of inflation which had an average of 0.9 per cent in 2014-15. Between March 2010 and March 2015, the average annual percentage change in bus fares was 4.5 per cent, while the average annual rate of inflation over that period was 3.1 per cent.

Local bus fares in England increased by 61 per cent on average between March 2005 and March 2015. Bus fares have risen at a faster rate in metropolitan areas (71 per cent) than in non-metropolitan areas (44 per cent). The Retail Prices Index has risen by 35 per cent over the same period, which means that bus fares have risen significantly in real terms.

### Operator revenue

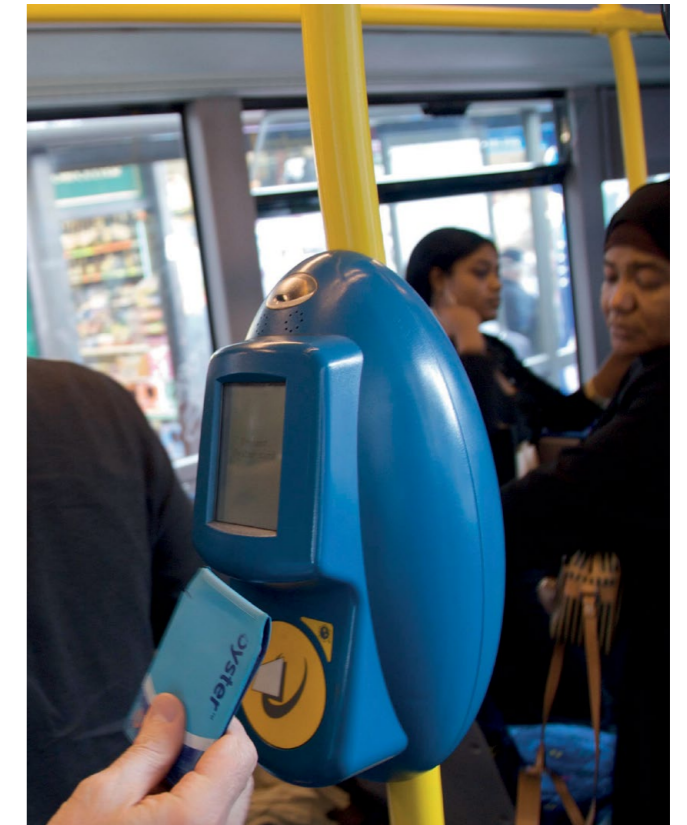
In 2013/14, the total estimated operating revenue for local bus services in England was £5.6 billion. Passenger fare receipts made up the largest proportion of operating revenue: £3.3 billion or 58 per cent of operating revenue. Revenue from passenger receipts has increased on average each year by 1.4 per cent in real terms between 2004/05 and 2013/14.

Operating revenue from concessionary fare reimbursement has more than doubled over the same period from £500 million to over £1 billion. This increase reflects the wider coverage of the concessionary travel scheme (moving from a local authority to a national scheme), increased eligibility and a larger proportion of elderly people in the wider population.

### Why bus fares matter

Bus cuts and rising fares are not simply matters of inconvenience. For many people without access to a car, buses are the only way they can travel to health services, colleges and places of work. Poor bus provision and high fares magnifies social problems, obstructs the delivery of other public services and holds back economic recovery.

People from low income families are most likely to rely on buses to get around. They spend a higher proportion of their income on bus travel and struggle to access the best fare deals. Statistically low income



families are less likely to have a car. Some children from poor families are put at further disadvantage because their parents cannot afford bus fares to get them to colleges and services. Children from low income families are at risk of poverty if affordable transport is not available.

Fare increases and bus cuts are undoubtedly hitting some of the poorest families in the country hardest and the Buses Bill provides an opportunity to introduce simplified and affordable 'Oyster style' smart ticketing. Oyster is equipped with daily price capping which automatically calculates the cheapest fare for all the journeys made in a day. There is no large upfront charge (just £5 deposit) and passengers are able to pay-as-they-go, topping up their card with whatever they can afford.



## 11. Conclusion

The context of our fifth report on supported bus services is again one of sustained decline. If the current Spending Review leads to further cuts to the central government funding stream for buses, (BSOG), the immediate future for buses and, more importantly, their users is increasingly bleak.

This report also does not account for current live proposals by local authorities to cut funding for buses and there is the very real prospect of further substantial cuts to come in the next year, with many areas, urban as well as rural, consulting on drastic reductions in funding and services. For example, Oxfordshire County Council is currently proposing to cut all £4.5 million from its supported bus funding, which may include bus routes through the Prime Minister's constituency, Witney. Other areas considering major cuts include North Yorkshire, which is looking at saving a further £500,000 from its bus funding.

The Government's Buses Bill offers some hope, but as already noted, the reforms it promises will only succeed if there is funding to go with it. The Government has made transport and infrastructure a priority in this Parliament – proposed public spending on road infrastructure in this Parliament already totals over £30 billion, for example – but it needs to extend this to provide sufficient funding for buses and to treat this as a national issue. As already noted, bus services are treated as a purely local issue, ignoring the national consequences of a decline in funding and services.

More than ever a new approach is needed to support buses and local public transport. Campaign for Better Transport has been developing ideas for this new approach in discussion with many people in and around the bus industry, including operators, local authorities, passenger groups, researchers and others.



## 12. Recommendations

### The Buses Bill

As already noted, the Government promises reform of the bus industry through a Buses Bill, expected to be introduced early in 2016. The Bill is intended to complement the Cities and Local Government Devolution Bill, which will give new executive powers to cities like Manchester with the creation of new directly elected Mayors. Under the Buses Bill the mayors, and other authorities like Cornwall where devolution deals are agreed, will then have the powers to implement 'London style' franchising over local buses.

### Franchising powers

The Buses Bill is expected to have a central focus on providing franchising powers for local authorities, so they can plan networks properly and introduce simple, unified fares structures. The Department for Transport (DfT) is consulting on giving local authorities a wide range of tools to achieve these ends, including strengthening partnerships (see below), but the Buses Bill should also include the ability to franchise services where the authority judges that this is the best way to achieve this. Franchising need not be solely the London 'gross cost' model, but can encompass other approaches including 'net cost' tendering with stronger operator involvement.

### Strengthening partnerships

Reform to bus services does not always require new legislation and there are many examples of bus operators and local authorities working very well together (see Nottingham City Council case study page 14). In many areas passengers and communities are frustrated that simple, but important improvements such as simplified fares structures (multi operator and multi modal ticketing), better marketing of public transport networks as a whole and better and longer term planning of networks are taking too long to be introduced.

Franchising may not be the desired model for bus service delivery in all areas and that's why it's important for the Buses Bill to also strengthen regulation around partnerships. The DfT is suggesting this could be done by devolving bus registration powers from Traffic Commissioners to local authorities, and also some competition powers. This would have the benefit of bringing together the different regulations governing bus services so the local authority can, for example, apply specific criteria to the granting of registrations such as participation in multi operator smart ticketing.

### Rural areas

While this bill has a focus on urban areas, rural areas that have been hit hard by cuts to supported bus services must also benefit from it.

One approach for the Buses Bill to help rural bus services would be to require local authorities to conduct effective assessments of need for public transport in their areas. Many local authorities are simply not doing this, meaning that when withdrawals of tendered services are implemented often whole communities are being cut off. Such a requirement for authorities to show they have considered this need will then ensure there is better strategic planning of tendered services and will allow a broader view than simply focusing on short term metrics like the cost of subsidy per passenger.

The Buses Bill is due to be published almost exactly 30 years after the 1985 Transport Act de-regulated buses outside London. This Bill is an opportunity for bus users to see rapid improvements to their services and Campaign for Better Transport supports the development of legislation which will enable this.



### Fully funded Total Transport programme

A key recommendation from our last *Buses in Crisis* report was for the Government to introduce pilots for 'Total Transport' schemes. The idea was developed in a 2011 report from pteg<sup>11</sup> and follows practice in other countries. The aim is to identify and bring together the bespoke transport services commissioned by different public bodies for example inter-hospital link services, social services transport to take older people to day centres, transport for taking staff to and from prisons, and transport for children with special needs to and between schools. Universities and colleges also commission or run services.

Such separate commissioning wastes significant funding and management time within these services – it also abstracts funding and passengers from mainstream bus services. One county has estimated that the total public funding for transport services in its area is around £60 million; another has estimated that £2.4 million is spent in part of one district council area, of which just £400,000 is accounted for by traditional supported bus services.

Encouragingly the Government began a trial of Total Transport Projects in early 2015 with a £7.6 million fund. The Total Transport Pilot Fund competition was launched on 14 January 2015 and 42 bids were received from local authorities in England. In total 37 local authorities were awarded funds for various projects. These projects include a range of feasibility studies and other groundwork, as well as a number of pilot schemes to test the real world scope for service integration in particular areas. The pilots will run for a maximum of two years. While they are running project teams will be encouraged to share what they learn with each other, and at the end of the two years each scheme will submit a detailed report on the results of delivering integration to the DfT.

Initial reports from the winning local authorities are very encouraging. We are now almost six months into the two year pilots and we recommend that the Government builds on these by establishing a fully funded Total Transport programme, that brings together different central government resources.



### Connectivity fund

In the last *Buses in Crisis* report we called for the Government to introduce a 'Connectivity Fund'. We renew our calls for this fund to be introduced as a means of giving buses a long-term stable financial future.

This fund would build on the Total Transport programme by pooling spending from across government and ringfencing it for local transport.

The proposal for this fund was originally made in a report<sup>12</sup> from the transport body pteg, entitled '*Making the Connections*'. It suggested that the Connectivity Fund should be established by bringing together the existing BSOG fund (around £230 million in 2014-15) with additional 'top slicing' from 11 other government departments that benefit from having good bus networks, including the **Department for Work and Pensions**, the **Department of Health**, the **Department for Environment Food and Rural Affairs** and the **Department for Education**, into a ring-fenced pot for local government to support bus services.



In order to put funding levels on a sustainable long-term footing, and to stem the circle of decline in supported local bus networks, pteg estimated that the Connectivity Fund should aim to provide £500 million in bus funding.

According to pteg the Connectivity Fund would contribute to key national objectives:

- **Help flexible and productive labour markets** by enhancing accessibility to key employment, education and population centres, including to new development areas
- **Promote economic growth** by enabling and promoting growth in the most productive employment centres outside London by reducing congestion and linking more workers to jobs
- **Help create full employment** by encouraging and enabling more people into work while making work pay: affordability and availability of bus services is especially vital for low paid workers
- **Tackle the cost of living crisis** by ensuring that transport remains affordable and cheaper housing is increasingly accessible
- **Improve health and well-being** by encouraging active travel and greater social interaction, especially amongst children, young people and the elderly
- **Cutting carbon emissions and improving air quality** by promoting modal shift and reducing congestion

The Connectivity Fund will in turn pay for itself by significantly reducing the cost of other public services and by supporting sustained economic growth. It could also improve the financial sustainability of bus networks themselves, for example investing in removing bottlenecks on the road network it would allow buses to operate at higher speeds, more reliably and thereby cover more mileage with the same resources.



## 13. Recommendations for the Welsh Government

The financial situation for Welsh local authority supported bus services is increasingly worrying. This year the cuts to local bus services in Wales have been more severe than in England and urgent action should be taken by the Welsh Government to prevent further funding cuts and Welsh communities being cut off. Alongside our recommendations for the UK Government, here we suggest three key recommendations for the Welsh Government to adopt.

### Total Transport Wales

Following the emerging success of the Total Transport pilots across 37 English local authorities the Welsh Government should adopt their own Total Transport scheme. This approach will be of particular benefit to more rural areas, bringing together different transport services in an area.

Such separate commissioning of transport wastes significant funding and management time and takes funding and passengers from mainstream public transport services. So why not bring them all together? Total Transport allows existing resources to be allocated and coordinated more efficiently resulting in services for passengers that are more effective.

There are good examples in the Netherlands of where Total Transport has been used successfully to improve public transport for urban and rural areas. The results and evidence are already starting to come in from the current English Total Transport pilots and case studies and examples of best practice will be available for the Welsh Government to use and adopt accordingly.

### Welsh Connectivity Fund

The Welsh Government should similarly consider its own Connectivity Fund, pooling resources from government departments that have a stake in buses and ring-fencing it for local transport.

### Welsh bus reforms

The Welsh Government should also seize the momentum from Westminster's Buses Bill and push forward with its own bus reforms, including options for franchising and for enhanced and strengthened partnerships. Any reforms need to build on the success of the TrawsCymru long distance network and the Bwcabus demand responsive services.

There is an opportunity for the Welsh Government in the next few years to link bus reforms to rail devolution and improvements. The Welsh Government is set to get control over the Wales & Borders rail franchise in 2018 and it should link bus reforms to this as Cornwall Council have highlighted in their case study on page 16.

### Buses for Welsh tourism

Buses are often the only practical option for tourists including visitors from overseas, who have no cars to reach many of Wales' most beautiful places. Their choices are reduced by cuts to rural bus services. Sundays are a particularly important day of the week for day trips and many visitors who stay overnight will need a bus back to the nearest main railway station on Sundays.



The importance of buses to rural tourism economies has been recognised in Swansea, where the Gower Explorer bus network has improved access to the peninsula. The Swansea Rural Development Partnership (EU and Welsh Government funded) supported Sunday Gower bus services from 2011 to 2014, with clear benefits for local tourism businesses. In 2015, Visit Wales provided funding for one year. Approximately 38 per cent of passengers on Sunday Gower services in 2015 were from overseas.

The Welsh Government should undertake an audit of public transport access to key tourism areas, including access points along the Wales Coast Path, to identify damaging gaps in bus provision and estimate the potential economic losses arising from the gaps. Funding should be made available, for example through Visit Wales, to close the gaps and to help local authorities to maintain or improve existing provision in tourism areas (including Sunday services).

Where services are available, they should be coordinated with rail services (especially where service frequency is low) and marketed as the most environmentally friendly way of reaching sensitive locations, such as National Parks and Areas of Outstanding Natural Beauty.





## 14. Next steps

These three approaches - the Buses Bill, the Total Transport programme and the Connectivity Fund - should be linked together into a long-term vision and strategy for public transport. The new Government has an opportunity to really focus on the 'everyday transport' that people across England and Wales value so much.

In the immediate term the BSOG must be protected from further cuts in the Comprehensive Spending Review, and in the longer term new approaches must be seized upon, such as the Connectivity Fund to take buses onto a more secure financial footing and the Total Transport programme to encourage smarter spending by transport commissioners.

This report has found that with the current funding structure cuts in local authority supported bus services are at crisis point. If nothing changes many of these services will cease to exist entirely, leaving thousands of people isolated and unable to get to the key facilities and services they need. These people are often the most vulnerable in our society who value and need our buses the most.

The Government must recognise that buses are of national importance and are not simply a local issue to be devolved of responsibility by Whitehall. The time has come for politicians to recognise the importance of buses, as they do for other transport, and ensure they have the funding they need and ultimately deserve.

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# Campaign for Better Transport

Campaign for Better Transport's vision is a country where communities have affordable transport that improves quality of life and protects the environment. Achieving our vision requires substantial changes to UK transport policy which we aim to achieve by providing well-researched, practical solutions that gain support from both decision-makers and the public.

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