

## Select Committee Evidence

### **Transport Select Committee inquiry National bus strategy: one year one**

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to find out more about CCN's policy and  
research in transport and bus services.

#### Introduction

1. The County Councils Network (CCN) is the voice of England's counties, representing 23 county council and 13 unitary authorities, covering 86% of England's landmass and 47% of its population, delivering many of the council services that directly impact on people's lives. As a cross-party organisation, CCN develops policy, commissions research, and presents evidence-based solutions nationally on behalf of the largest grouping of local authorities in England.
2. The network is pleased to submit this response on behalf of its member councils. In 2020, we published a report [Reversing the decline of county buses](#). This report, which was written in conjunction with the County All Party Parliament Group, was based on a call for evidence from CCN members and the wider local government, bus operators, and community sectors.
3. The report warned that, due to reduction of central government grants and the increasing cost pressures on councils, that increasingly difficult decisions were having to be made about the support that could be given to non-statutory services such as bus services. The work featured new analysis from LG Futures that showed that the decline in funding for buses has been steepest in county areas, and these face larger funding gaps than their urban counterparts.
4. Our analysis showed that central and local government support for bus services in CCN member councils declined by £233m between 2009 and 2019, some 30.1% and higher than other metropolitan and other non-CCN unitary authorities which declined by 23.5%. Reduced financial support for bus services has inevitably resulted in a decline in the number of people using bus services in county areas. In terms of ridership, our report showed that the number of annual passenger journeys declined by 97 million in shire counties in 2019 compared to 2009. Only 16% of all passenger journeys on local buses in England took place in county areas, and passenger journeys are almost three times higher per person nationally compared to shire counties.
5. As a result of reduced resources and rising costs, LG Futures estimated that there is a £348m funding gap for local services in CCN members councils. Filling this gap, however, would only restore levels of financial support to 2009/10 levels.
6. Our report put forward a number of recommendations that we were pleased to see realised as part of the National Bus Strategy (NBS). Our members welcomed the NBS as a chance to work with operators in their areas to improve bus services for residents. However, we remain concerned about the situation for bus travel in county areas.
7. Whilst our members have worked to prepare Bus Service Improvement Plans (BSIPs) and commit to Enhanced Partnerships with operators, the realities of increasing Covid rates along with a range of other factors, mean that the industry, in rural areas in particular, is not yet recovered to pre-pandemic levels. As we explain below, continuity of interim funding is vital if services are to be retained prior to the implementation of BSIPs,

and time is of the essence given the current emergency funding is due to come to an end at the end of April 2022.

We respond to each line of inquiry below.

*Challenges facing the sector as it recovers from the pandemic*

8. Much like many other sectors across the country, the bus industry is a long way from post-pandemic recovery. This is true across the country, but is felt more acutely in rural areas where services were already struggling, and as the pandemic continues people are still remaining cautious, working from home, and going out less.
9. Our members have reported a “perfect storm” of factors on top of this that have contributed to a very slow recovery from the pandemic. This includes:
  - Increased fuel prices that have put operators on the edge of affordability to carry out any bus services, let alone those that were already marginal.
  - Driver shortages across the country is having an impact on operators being able to deliver services, and staff absenteeism remains high since restrictions were lifted. Whilst this may be temporary, there is concern that this will continue to be an issue given the recent campaign of recruitment for HGV drivers.
  - Low passenger numbers – numbers have still not recovered to pre-pandemic levels. In some more rural locations, patronage is still not at 50% compared to pre-pandemic levels.
  - Increase in minimum wage for staff that comes into effect from 1 April 2022 will be an additional financial burden for operators.
10. As new work patterns emerge, it is clear that it is going to take a while for the sector to settle back down and get to grips with a new normal. This is likely to take time and could present challenges for transport authorities who are preparing BSIPs in partnership with operators during these unprecedented times.
11. More recently, CCN published a new report that analyses the pressures in home to school transport services. This work showed that spiralling fuel prices are impacting on school transport services, with local authorities set to have to pay providers significantly more, or face having potentially thousands of pupils unable to access free transport. Based on data collected from 28 of CCN’s member councils, county authorities spent a total of £555.6m on free school transport last year, up from £472.6m in 2016/17. This increase is largely down to a 33% rise in expenditure for pupils with special educational needs and disability (SEND) – up from £250m five years ago to £336m in 2021. This is the equivalent of 11% of an average council’s entire children’s services budget.
12. Despite the Chancellor announcing a 5p fuel duty cut in the Spring Statement earlier in March, county authorities need more support to pay transport providers an increase, particularly for smaller companies and private hire firms. With councils having agreed their budgets for 2022/23 leaving little wriggle room, a fresh injection of funding is necessary to avoid cutting services to make up the shortfall – or potentially leaving pupils without free transport. Removal of free bus services to transport pupils from their homes to schools would have hugely detrimental impacts on county areas, and would have extremely negative consequences on social mobility which is already lagging behind the rest of the country.

*The effectiveness of steps taken by Government and stakeholders in response*

13. Government financial support has been vital in keeping buses running and ensuring that essential workers can get to and from their jobs. However, many of our members are finding that, given the nature of rural areas, their networks are taking longer to recover than their urban counterparts and are likely to need support from central government for longer.
14. Given the uncertainty around future funding, members have reported that operators are already planning to cut routes once Bus Recovery Grant comes to an end. CCN members would like to see additional funding made available up until the point that allocations via the NBS are made, and whilst BSIPs are being agreed, to allow for the continuity of existing services.

*Progress against the ambitions and targets set out in the national bus strategy including the effectiveness, pace and priority of the strategy's implementation*

15. Following our report in 2020, *The Future of Rural Bus Services*, CCN welcomed the publication of the NBS, where it was made clear that urban areas would not be prioritised over rural areas in terms of distribution of funding. We also welcomed the opportunity that the strategy set out for Bus Service Operators Grant to be devolved to local authorities as well as the opportunity to take on bus franchising powers where it is locally desired.
16. The deadlines set out in the NBS were extremely tight, and CCN members have worked across their areas with operators to get BSIP's and plans for Enhanced Partnerships in place by these deadlines. Many members have expressed frustration around the process of preparing a BSIP before knowing their funding allocation. There is a real risk that transport authorities could prepare highly ambitious and transformational plans that are then difficult to implement if the quantum of funding is less than they expected.
17. We hope that, as stated in the NBS, funding allocations will be announced so that member councils can get on and implement their BSIP's, as at present little tangible progress has been made.
18. It will be important to recognise that in county areas franchising may not always be the best option for managing bus services given the sparsity of settlements, and the complexity and financial risk that is involved. Whilst the franchising model can work across urban areas, we hope that the government do not prioritise those areas pushing for franchising, over areas that wish to use the Enhanced Partnerships route.

*Innovation in the sector, including examples of new methods that have been trialled successfully*

19. CCN members expect the main innovations to be implemented once their BSIPs have been signed off and implemented. There has, however, been some innovation during the pandemic to increase the ease of bus journeys. For example, there has been some innovative work done around ticket pricing, such as semi-flexible tickets that allow users to make return journeys across numerous operators. This is to be welcomed, and should be continued as we look forward.
20. Some CCN members, such as North Yorkshire County Council are also piloting demand responsive travel services. These services have proven to be very successful in areas that are particularly rural. They are most successful however, when they are integrated into a wider network and when they provide links to commercial routes that offer longer

journeys into towns. It is vital that the bus strategy recognises this form of transport and sufficiently funds it, as services are often reliant on volunteers from the community – a model which is often unsustainable in the long term.

#### *Bus funding over the short and long term*

21. As already mentioned, the support from central Government that was on offer to the sector during the pandemic provided a lifeline for services to continue, and allow those without private vehicles to get to and from work, and as lockdowns have been lifted, to provide access to leisure and non-essential services. There is now a bottleneck whereby Covid support grant funding is coming to an end, and transport authorities are waiting to hear about their allocations from the NBS. As we have already mentioned, the sector is still recovering from the pandemic, and a combination of other factors such as increased fuel prices is meaning that operators are currently planning on cutting services. This could have been avoided had there been more certainty around funding when moving from the recovery grant to funding through the NBS.
22. We also understand that some of the support funding has been taken from the overall NBS funding pot which originally stood at £3bn, and is now at £1.2bn. Clearly this is going to have implications on the amount of funding that can be offered to transport authorities, and we are concerned that the plans may not be able to be as transformational as members had originally hoped as a result of the decreased funding pot.
23. Once an operator has decided to cut a route, it is extremely difficult to reinstate it. Therefore, as our members continue to work with their providers, it is vital that there is certainty and continuity of funding to keep services running.
24. Some of our members are currently going through the process of agreeing a 'County Deal' with government, and we believe this would also provide a vehicle to channel long term funding and powers for bus services. Whilst the devolution framework that was published as part of the Levelling-Up White Paper does not include this an option, we believe that this should be explored by the Department for Levelling Up, Housing and Communities and the Department for Transport with those county areas who wish to explore how this could be part of a deal.
25. Moving beyond funding, there are clearly still fears from the public about using public transport as a means to get around. The government should therefore now run a national campaign in partnership with operators to actively promote bus travel as both a safe and sustainable form of transport. This is already being done in London, and a similar campaign is needed nationally.

#### *Decarbonisation of the sector and modal shift from other forms of transport*

26. Modal shift from other forms of transport to encourage higher use of bus services is one of the key challenges that face predominantly rural county areas. This challenge will only be exacerbated by the current situation, and as a new normal emerges in terms of work and commuting patterns. As communities see certain routes and services taken away as a result of decreased ridership, this will in turn discourage people from using bus services as they may be seen to be unreliable, not as frequent as is necessary to encourage regular use, and timetables may not work around users schedules.
27. Many of our members have focused on preparing BSIPs and Enhanced Partnerships that would result in a bus network that reflects when and how people wish to travel. The transformation of bus services in rural areas would have a wide range of benefits,

including contributing to achieving net zero targets, and levelling up the country. A better bus service would help councils to decarbonise transport, encourage economic growth, increase social mobility through providing access to skill, training and jobs, and finally help to reduce isolation and loneliness.

28. In terms of decarbonisation of the bus sector, it is vital that ongoing investment is available to allow operators and transport authorities to invest in new low emission fleets along with the supporting infrastructure that will be needed to sustain them. Schemes such as the Zero Emission Bus Regional Areas (ZEBRA) should be continued to allow all areas to access sufficient funding.

### *Conclusions*

29. It is clear that, as we emerge from the Covid pandemic, there is still a long way to go before bus services recover to the patronage they saw before the pandemic. Indeed, with new patterns of commuting and working from home, they may never recover to the levels they were originally at.
30. However, bus services provide a vital lifeline to many residents in rural areas, and will play a key role in ambitions to level up the country and help to achieve ambitions to meet net zero. It is vital that investment in services continues in order to encourage modal shift and encourage more people to use them over private transport.
31. There has been a history of funding cuts to bus services, more acutely felt in county areas. As we have demonstrated through our two reports, this has had negative consequences in terms of the number of services and routes available, and therefore on the number of journeys made. Our members have also demonstrated the issues they are facing around home to school transport, which urgently needs to be resolved to avoid threatening the free transport provided to school pupils.
32. Our members welcomed the National Bus Strategy when it was first published, believing it has the potential to change bus services for the better in rural areas. Many have worked to prepare BSIPs and agree Enhanced Partnerships, and now are awaiting to hear about the allocations they will receive to implement them. There is now a bottleneck in terms of funding, as the Covid Support Grant comes to an end, and members await details of their allocations. This is already causing operators to plan to stop some routes and reduce services which, without further funding, won't be viable to run.
33. We hope that the allocations will soon be announced, allowing transport authorities to implement their improvement plans. Though it remains to be seen whether the budget that remains allocated to the National Bus Strategy will be enough to allow true transformation across the whole country.