

COUNTY ALL PARTY PARLIAMENTARY GROUP INQUIRY



# Reversing the decline of **County Buses**

December 2020

# Foreword - Peter Aldous MP Chair, County APPG



*Sadly in recent years, bus services in our counties have declined as commercial operators have withdrawn their services and councils have had to make difficult choices about which services to prioritise given an increasingly tight financial situation.*



The County APPG exists to provide parliamentarians with the chance to come together and raise issues that are impacting on those living in county areas. As champions and representatives of those areas we know that they are great places to live and work.

But too many residents in county areas miss out on the opportunities and services that are taken for granted in larger towns and cities because of the greater distances that they need to travel.

For those in county and particularly rural areas who do not have ready access to a car, getting to medical appointments, shopping, attending college, finding employment or going to the cinema is only possible with access to public transport, most typically bus services.

Sadly in recent years, bus services in our counties have declined as commercial operators have withdrawn their services and councils have had to make difficult choices about which services to prioritise given an increasingly tight financial situation.

This decline has been exacerbated in the past six months by Covid-19, as lockdowns and now changing work patterns have further threatened the viability of the rural bus services that before Covid-19 were well used and highly valued.

The government is already committed to a rural bus strategy, which we hope will reverse the recent decline in county and rural bus services and address the additional pressures which have been caused by the outbreak of Covid-19.

This report contains recommendations that builds on existing good practice which if taken forward will not only help to preserve this vital public service, but which will hopefully see it expand to ensure that rural communities can continue to rely on bus services into the future.

The APPG hopes that the government will continue to engage with county and unitary authorities on these issues, ensuring that rural communities can continue to use bus services to access the services and opportunities that they value.

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## About us

The County APPG is a forum for parliamentarians to consider the critical issues and challenges faced by county areas and their communities. It promotes the current and future contributions of county areas, to the national economy, to public services and to social wellbeing.

CCN is the national voice for England's county councils. It represents all 25 county councils and 11 unitary authorities. Collectively, they represent 26 million people, or 47% of the country's population. It is a special interest group of the Local Government Association. For more information visit [www.countycouncilsnetwork.org.uk](http://www.countycouncilsnetwork.org.uk).

The County APPG & CCN would like to thank all those stakeholders who contributed towards the inquiry and for taking the time to submit written or oral evidence.

# Executive Summary



Bus services provide a lifeline to many residents in county and rural areas, providing access to education, jobs and town centres as well as social connections. They also help in the effort to reduce congestion and contribute to reducing carbon emissions.



However, as central government grants have been reduced, local government has also had to make increasingly difficult decisions and cut budgets to non-statutory bus and transport services in order to support statutory services such as adult social care and children's services.



As this inquiry report shows, the decline in funding for buses has been steepest in county area and these areas face a larger funding gap than other cities and towns. New analysis contained in this report by LG Futures shows that central and local government support 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 (-23.5%).



As a result of reduced resources, and rising costs, LG Futures estimate that there is a £348m funding gap for local services in CCN member councils. Filling this gap would only restore levels of financial support to 2009/10, and further additional resources beyond this will be required in the coming years for investment in new bus routes and supporting infrastructure.

Reduced financial support has led to a decline in the number of routes, and unsurprisingly a decline in the number of people using bus services in county areas. Analysis contained in this report shows 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 now take place in county areas and passenger journeys are almost three times higher per person nationally compared to shire counties.

Whilst other models of passenger transport, such as community and demand-responsive transport have filled some of the gaps left by a reduced commercial service, it will be important for the forthcoming National Bus Strategy to recognise the importance of all forms of public transport, particularly as we look to life beyond the Covid-19 pandemic, and to levelling-up the country and supporting the economic recovery.

This inquiry has explored some of the reasons behind the decline in county bus services, and the impact that this is having on communities. Importantly, it explores the innovative practices taking place in shire counties to support local provision and how this, coupled with greater resources and devolved powers, can help reverse the decline in local buses in county and rural areas.

The National Bus Strategy provides an opportunity to create a blueprint for the future of bus service across the country, and the County APPG and CCN put the following forward recommendations, believing that these would help to ensure a fair future for county bus services.



## Fair & sustainable funding

Years of austerity measures have meant that local authorities have had to make difficult decisions over the non-statutory services they are able to support, and cuts to Bus Service Operators Grant means many operators have focused on more viable and profitable routes. We also know that the cost of the concessionary fares scheme has increased, and with an ageing population this cost will continue to rise. Evidence shows that, without greater financial support, county authorities will have no choice but to continue to reduce local services.

As part of the National Bus Strategy, the government should:

### **Recommendation 1**

Provide adequate long-term funding for county bus services to transport authorities that recognises the challenges of running these services. This should include clarification over the future of the Bus Service Operators Grant to provide confidence and long-term reassurance to operators.

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### **Recommendation 2**

Review the concessionary travel bus pass scheme in consultation with operators and local authorities.

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## *Supporting a range of passenger transport in counties*

The National Bus Strategy must ensure that it considers and enhances bus services up and down the country, across urban and rural areas. Evidence received through the inquiry has shown that it's not just traditional bus services that make up the public transport offer, particularly in rural areas. Therefore the strategy must make sure that all forms of passenger transport, from traditional bus services to community transport and demand responsive transport are considered and supported through the strategy.



### **Recommendation 3**

Give consideration to the provision of the range of passenger transport services across the country, and the positive benefits that they can bring to residents, particularly in more deprived and rural parts of the country. Consideration should be also be given to the extent to which an improved public transport offer could assist in levelling-up the country.

## *Devolution and partnership working*

A long-term funding solution and support for a range of passenger transport would enable authorities, operators and communities to prepare a strategic vision for bus services in their areas. Whilst authorities have some autonomy granted to them through regulations, further devolution of powers and funding would allow them to have more control over bus services.

When considering how local authorities can take ownership of transport in their areas, the National Bus Strategy should:



## Recommendation 4

Encourage a partnership approach between local authorities, bus operators and community groups to develop bus services and routes and other passenger transport. As part of future devolution deals, allow local transport authorities to take on bus franchising powers, where there is a desire. This would match powers already offered to Mayoral Combined Authority areas and would allow a partnership approach to developing services between the local authority and operators.

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## Recommendation 5

Amend regulations in the 2017 Bus Services Act to allow local authorities, where better value could be achieved, to run their own bus companies to implement new routes where demand is not being met by the private sector.

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## Recommendation 6

Devolve Bus Service Operators Grant to local authorities, allowing them to work in partnership with operators to ensure that it is spent where it is needed most.

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## *Community and voluntary sector*

The inquiry has shown that the community and voluntary sector provide extremely valuable services to residents that complement and fill gaps in the service of private operators. These services should be continued, but not seen as an alternative to traditional bus services and instead compliment these.

As part of the National Bus Strategy, the government should:



## Recommendation 7

Recognise the value that community and voluntary services play, and make provisions to ensure their financial sustainability to allow them to keep running, and to introduce new schemes and routes where needed.

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### *Planning and climate change*

The planning system has a strong role to play in the location of new developments to ensure it is sustainable and served by public transport. Planning authorities must work with operators and developers to ensure that this is embedded within the system through local plans and as applications progress through the system.

Providing a user responsive bus service could encourage more residents to rely less on their cars in favour of public transport. However, investment in fleets and infrastructure are also necessary to help improve air quality and achieve net zero carbon emissions before 2050.

## Recommendation 8

Make bus operators statutory consultees during the local plan process to ensure that bus provision to and from new development is considered as early as possible. This will assist local authorities in any negotiations for legal agreements and contributions when sites come forward. This will also provide opportunities for building active travel into masterplans that integrate with public transport for longer journeys.

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## Recommendation 9

Encourage bus operators to work with local authorities to optimise routes and timetables allowing for services that integrate with other bus routes and rail services, making public transport a more attractive option.

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## Recommendation 10

Include a strategy and investment plan for the roll out of low-emission vehicles and/or for the electrification of bus fleets, alongside associated infrastructure.

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# 1 Introduction

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*The findings of the inquiry would complement the range of work that has already been published in this area, and would also allow both the APPG and CCN to influence the National Bus Strategy as it is prepared.*

”



Bus services in county areas provide a lifeline to many residents, but it is widely recognised that their number and frequency have been in decline over the past few years.

The Campaign for Better Transport recently analysed Department for Transport (DfT) figures and found that over 3,000 bus routes have been reduced, altered or withdrawn between 2010 and 2018[1]. Linked to this, a joint inquiry in 2018 into Social Mobility between the County All Party Parliamentary Group (APPG), County Councils Network (CCN) and Localis found that the reduction in bus services is having a negative impact on the social mobility of residents in county areas in terms of access to skills and education[2].

Whilst bus ridership in rural areas has always been lower compared to their urban counterparts, new analysis by LG Futures, undertaken as part of this inquiry, has shown that the reduction in passenger journeys have been greater in county areas than anywhere else in the country. The impact of this can't be ignored – in a report released earlier this year CPRE, the countryside charity, with the Campaign for Better Transport found that, outside of England's major cities, communities are being left in ever-expanding 'transport deserts' with inadequate train and bus connections[3].

The Covid-19 pandemic has exacerbated these issues with an almost overnight change to work and leisure patterns. In addition, Government advice to halt all but essential travel for a long period of time combined with the understandable fears of travelling has seen passenger numbers plummet over a relatively short period of time.

The Government has ambitious plans for bus services across the country, and have committed to a long-term bus strategy alongside funding of £5.2 billion to transform local transport connections, including bus services.

With the Government's levelling-up agenda, and the ambition for growth across the country, it is vital that the National Bus Strategy recognises the importance of shire counties. Figure 1 shows the unique characteristics of counties geographically and economically. This is why the strategy must consider how better connectivity through bus services could help to promote growth across the country, creating better mobility and giving residents in county areas access to education and healthcare, skills and training, jobs and leisure.

# FIGURE 1 - What is unique about counties?

**36**

county council &  
unitary authorities

**39%**

of England's Gross  
Value Added

**86%**

of England's  
landmass

**21.9%**

aged 65  
& above

**33%**

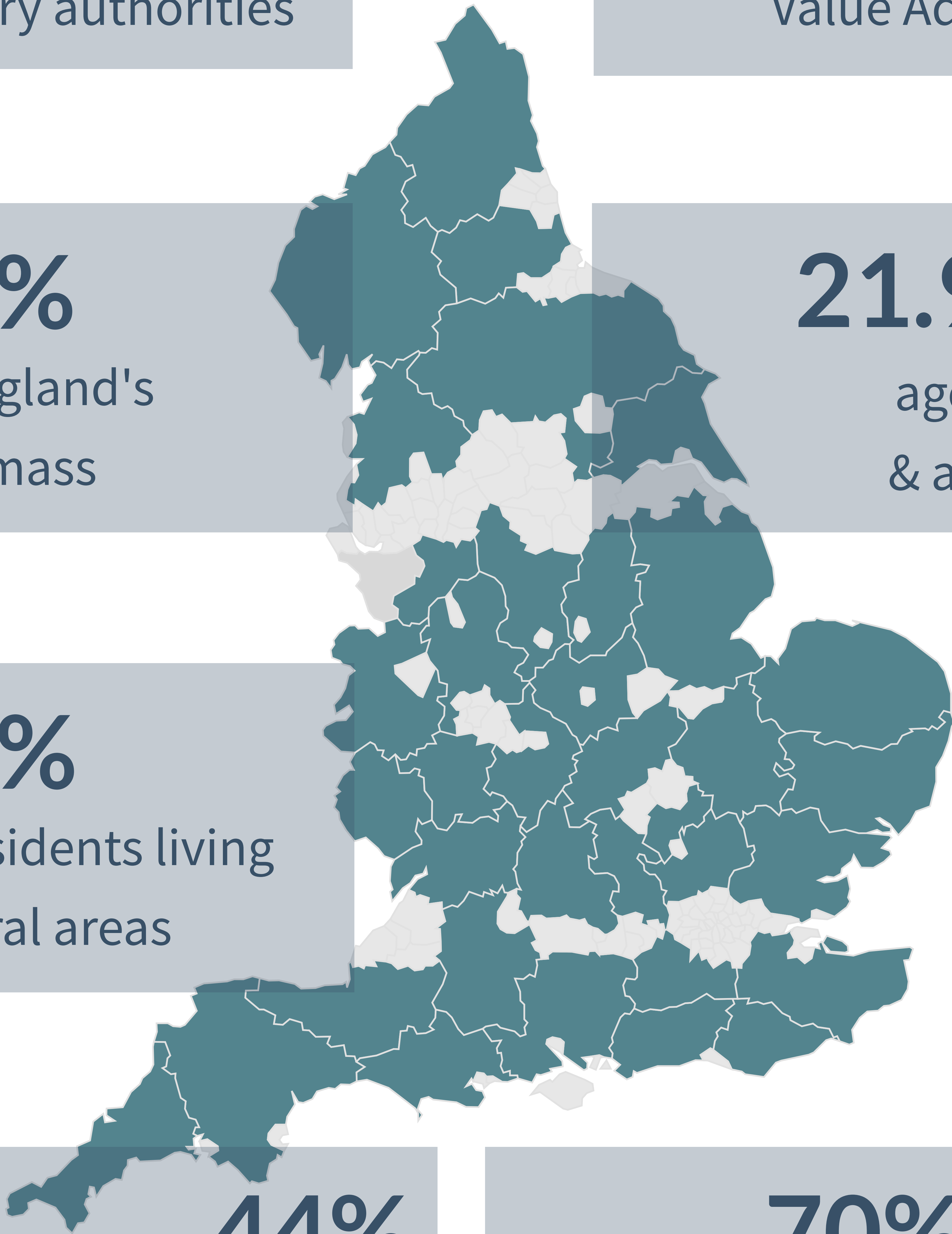
of residents living  
in rural areas

**44%**

of all employment

**70%**

of all local roads in  
England





There is also the context of the climate crisis, and the need to encourage residents to reduce car usage and promote more sustainable travel methods. A user responsive bus service across the country has the potential to ease congestion, improve air quality and provide a more sustainable method of transport that ultimately reduces greenhouse gas emissions – something that is vital if we are to succeed in reaching the Government’s target of net zero carbon emissions by 2050.

This report, along with the National Bus Strategy, comes at an uncertain time. The Covid-19 pandemic has had a significant and detrimental impact on people’s lives, businesses and ultimately on the national economy and will continue to do so for months and years to come. Many bus operators, who were already operating on tight margins, will find it increasingly difficult to run even popular routes due to reduced ridership and enforce social distancing on board for the foreseeable future.

It is imperative that in order to achieve a real levelling up agenda across the country the National Bus Strategy does not have a narrow focus on city and urban areas.

Overall, the APPG urges the Government to acknowledge the vital importance of bus services in county and rural areas of England, and fully consider how the National Bus Strategy can support the range of services operating in rural areas, recognising the additional costs of running these services.

## Terms of Reference

Given the increasing concerns over the sustainability of bus services across their areas, the County All Party Parliamentary Group (APPG) decided, in partnership with the County Councils Network (CCN), to undertake an inquiry into rural bus services.

It is hoped that the findings of the inquiry would complement the range of work that has already been published in this area, and would also allow both the APPG and CCN to influence the National Bus Strategy as it is prepared or as detail emerges.

The terms of reference is outlined in figure 2.

*The APPG urges the Government to identify the vital importance of bus services in county and rural areas of England.*

## FIGURE 2 - Inquiry Terms of Reference

As part of the APPG inquiry, a call for evidence was issued seeking evidence on the following points:

**1**

**The decline of bus services in rural areas, and the impact that this is having on growth.**

**2**

**The innovative practice authorities have put in place that could be scaled up across the country.**

**3**

**The immediate and longer-term impact that Covid-19 will have on the provision of bus services in rural areas.**

**4**

**The additional powers or levers that would make the biggest difference to the provision of bus services in county/rural areas.**

Over 40 responses were received, from a range of county and district councils, town and parish councils, community groups, sector and membership bodies and charities.

Over 40 responses were received, from a range of county and district councils, town and parish councils, community groups, sector and membership bodies and charities.

In addition to the written responses, the County APPG held an evidence session and roundtable in September 2020, which was attended by MPs, and councillors and officers from the following local authorities: Cumbria, Durham, Oxfordshire and Shropshire.

To complement the evidence submitted from across the sector, LG Futures were commissioned to undertake analysis of bus funding, expenditure and usage across CCN member councils from 2009/10 to 2018/19. The work analyses the change in financial support for bus services, along with an estimation of the increasing cost pressures that CCN members have faced over the same period. The work also examined the changes to service delivery, including the number of journeys made and journey times.

The remainder of this report looks at each of the lines of inquiry, highlighting the key issues raised and drawing on case studies and examples that highlights how authorities and their communities are working together, in spite of increasingly demanding circumstances, to continue delivering services that can provide a lifeline to residents.

## Why are bus services important?

The evidence collected through this inquiry highlighted why access to public transport in rural areas is so important. Settlements in county areas, particularly those that are classed as more rural, can be sparse with limited access to essential services. With lower average wages than their urban counterparts, many households in county areas will rely on bus services to access those essential services, work or education.

The National Audit Office (NAO) released a report on Improving Local Bus Services Outside London earlier this year<sup>[4]</sup> which reported that buses remain the most common form of public transport, comprising 56% of all public transport journeys by those living in England, outside London, in 2018/19, or an average 5.8 million passenger journeys per day. In 2018/19, the average bus journey was 2.7 miles in London, 3.5 miles in other English metropolitan areas and 4.7 miles in more rural areas. The NAO also highlights how bus services contribute to society, the environment and the economy as they:

- Provide every day mobility and reduce social exclusion, connecting people to: work, education, shops, sport, leisure and entertainment, and friends and family;
- Can protect the environment – a bus emits less air pollution and greenhouses gases than the same number of people travelling separately in cars. By taking up a fraction of road space, it also helps to tackle congestion;
- Deliver high value for money. The Department for Transport estimates that every £1 spent on local bus improvement measures has delivered up to £5 in benefits, including to health and employment.

## 2 The funding & use of buses services



*The analysis from LG Futures shows that CCN county and unitary areas have seen a greater reduction in funding and a larger increase in cost pressures than other unitary authorities and metropolitan districts.*



To support the inquiry, CCN commissioned LG Futures to undertake analysis of bus funding, expenditure and usage from 2009/10 to 2018/19 to support the qualitative evidence received through the call for evidence.

LG Futures identified in advance that it would not be possible to identify the level of central Government funding for bus services – this is due to the fact that central Government funding for bus services is allocated via the Settlement Funding Assessment (SFA), and it is not possible to separately identify the share of this funding that authorities allocate to transport support for bus services.

Instead, the level of central and local government support for bus services was used as a proxy for available resources. This is the same definition used by the Department for Transport (DfT) in its statistical publications. This includes central government grants and net spending by local councils, which includes the following funding streams:

- Bus Services Operators Grant (BSOG)
- Local authorities' net expenditure on public transport support (buses)
- Local authorities' net expenditure on concessionary travel

DfT only publishes national or regional totals for concessionary travel and BSOG. It was therefore necessary for LG Futures to apportion these totals to the local authority level. This required a number of assumptions, which are explained further in Appendix 1. It is important to therefore note that the findings from LG Futures are estimates only.

In analysing these figures it is important to note that comparisons with London should be treated with caution – DfT notes that 'London runs an entirely tendered market and therefore some comparisons with the rest of the country should be treated with care'. We have therefore only presented the results for two category of councils;

- CCN authorities (comprising 25 county councils and 11 unitary authorities).
- Metropolitan boroughs and other unitary councils (including 46 non-CCN unitaries and 36 metropolitan boroughs, some of which were part of combined authorities).

## Resources and cost pressures

This section presents estimates of the change in central and local government support for buses between 2009/10 and 2018/19, alongside cost pressures during the period. The analysis found that between 2009/10 and 2018/19, after adjusting for inflation, support for buses fell by 30.1%, or £232.9m in monetary terms, compared to a real-terms reduction of 23.5% for metropolitan boroughs and other unitary councils. Figure 3 shows the decline over the period.

Figure 5 also breaks down the reductions for CCN authorities by region. It shows that counties in the North West have witnessed the greatest percentage (-39%) reduction in central and local government support for buses, followed by the South West (-36.9%) and East Midlands (-32.5%). All county regions saw a decline above the level of non-CCN unitary and metropolitan authorities apart from the South East, albeit just below at 22.9%.

Figure 3 - Change in total estimated support for buses, after inflation (£m in 2018/19 prices)

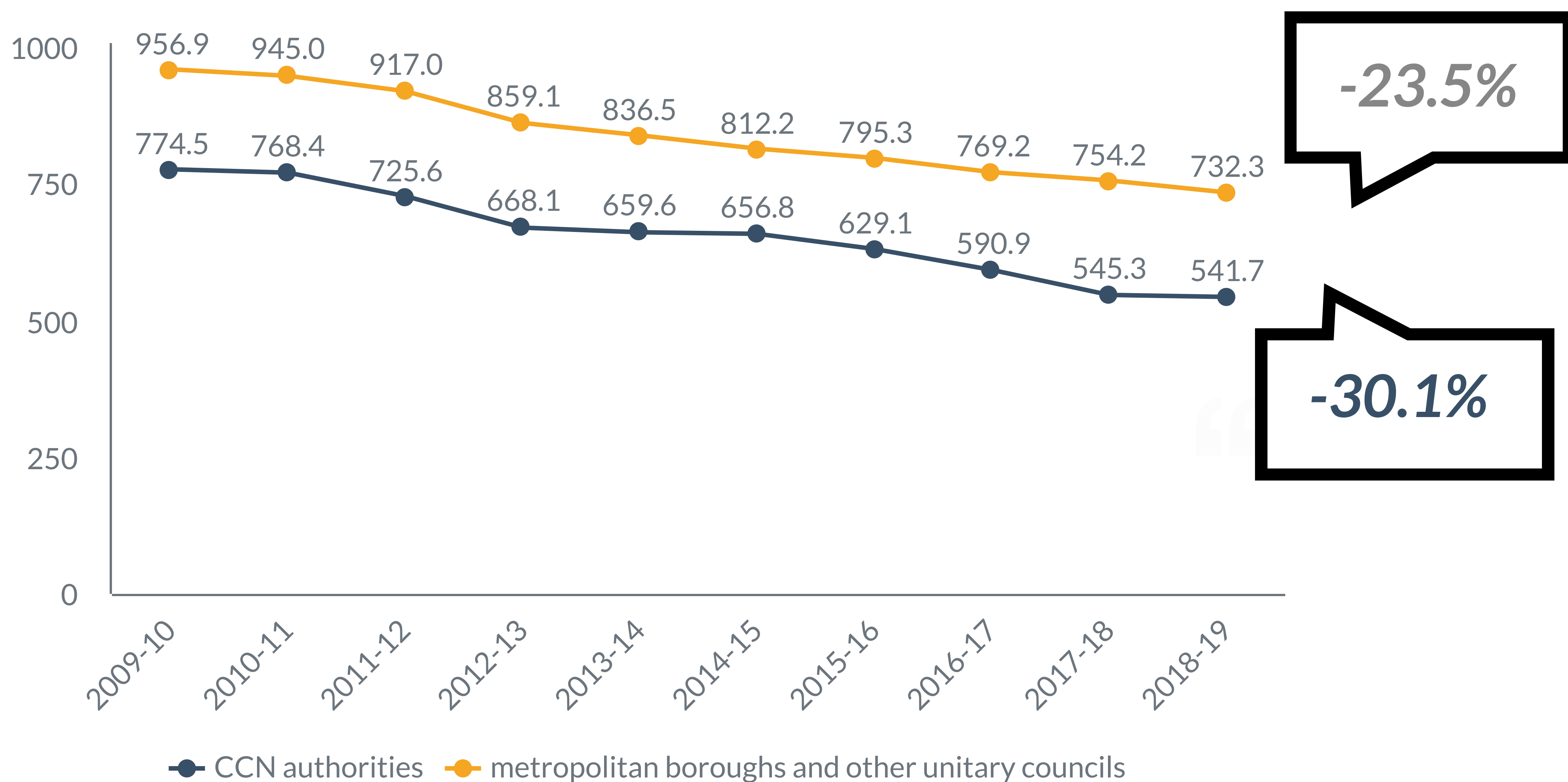


Figure 4 breaks down the £232.9m fall for CCN authorities, showing a reduction in local spending on public transport (-£114m), reduced BSOG funding (-£64.5m) and reduced local spending on concessionary travel (-£64.5m).

Figure 4 - Change from baseline, after inflation (£m, 2018/19 prices)

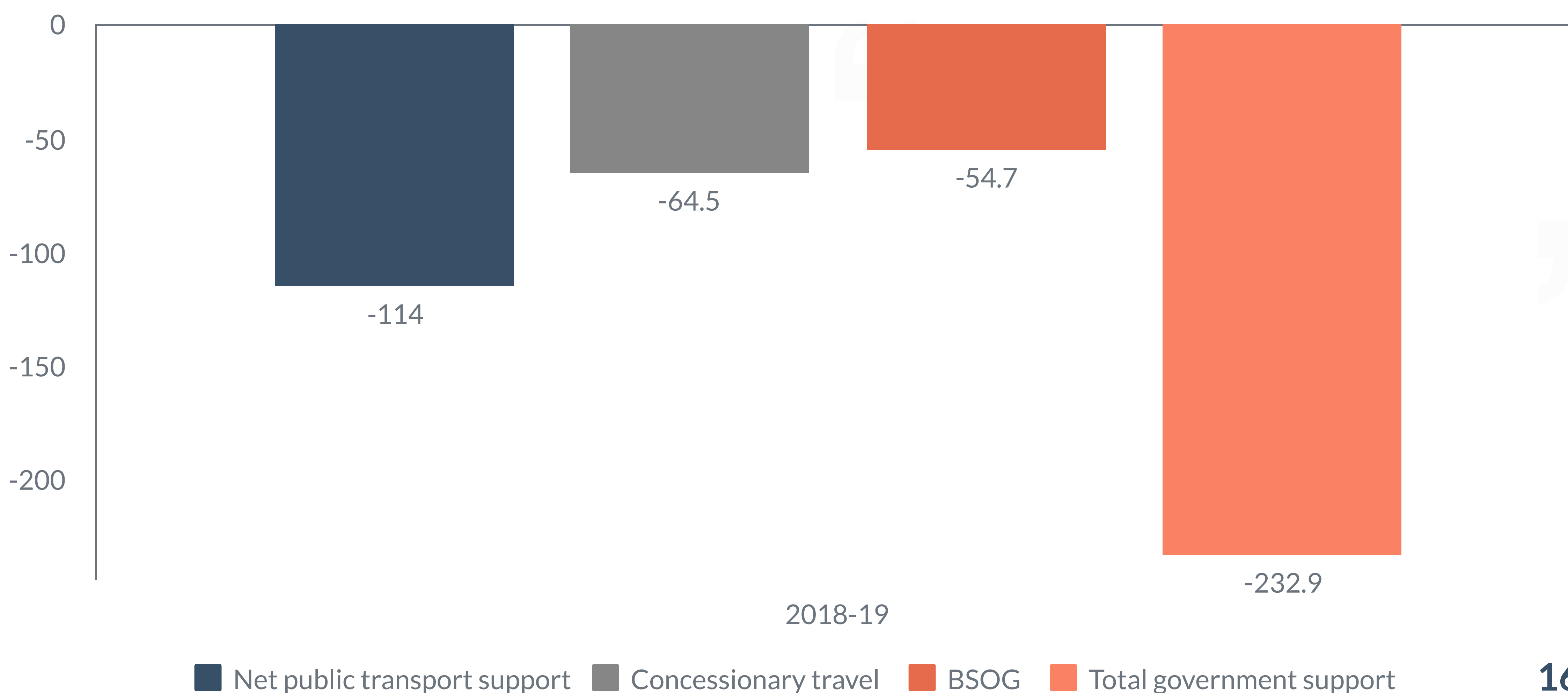




FIGURE 5- Regional change in total estimated support for buses, after inflation (CCN authorities only)

### North West

📉 -39.5%

£ -22.7m

### North East

📉 -30.9%

£ -16.5m

### Yorkshire & Humber

📉 -27.1%

£ -8.0m

### East Midlands

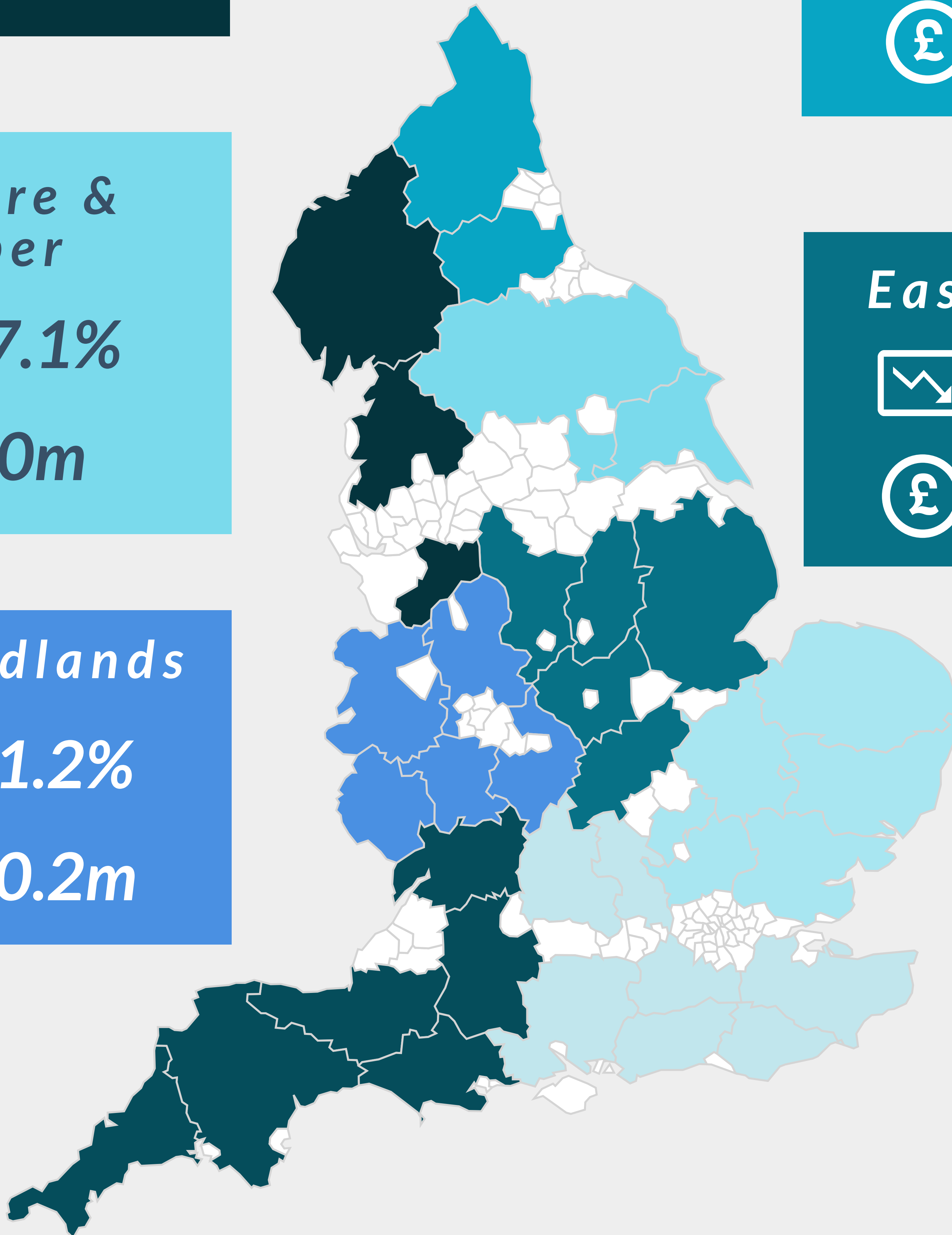
📉 -32.5%

£ -36.5m

### West Midlands

📉 -31.2%

£ -20.2m



### South West

📉 -36.9%

£ -40.5m

### South East

📉 -22.9%

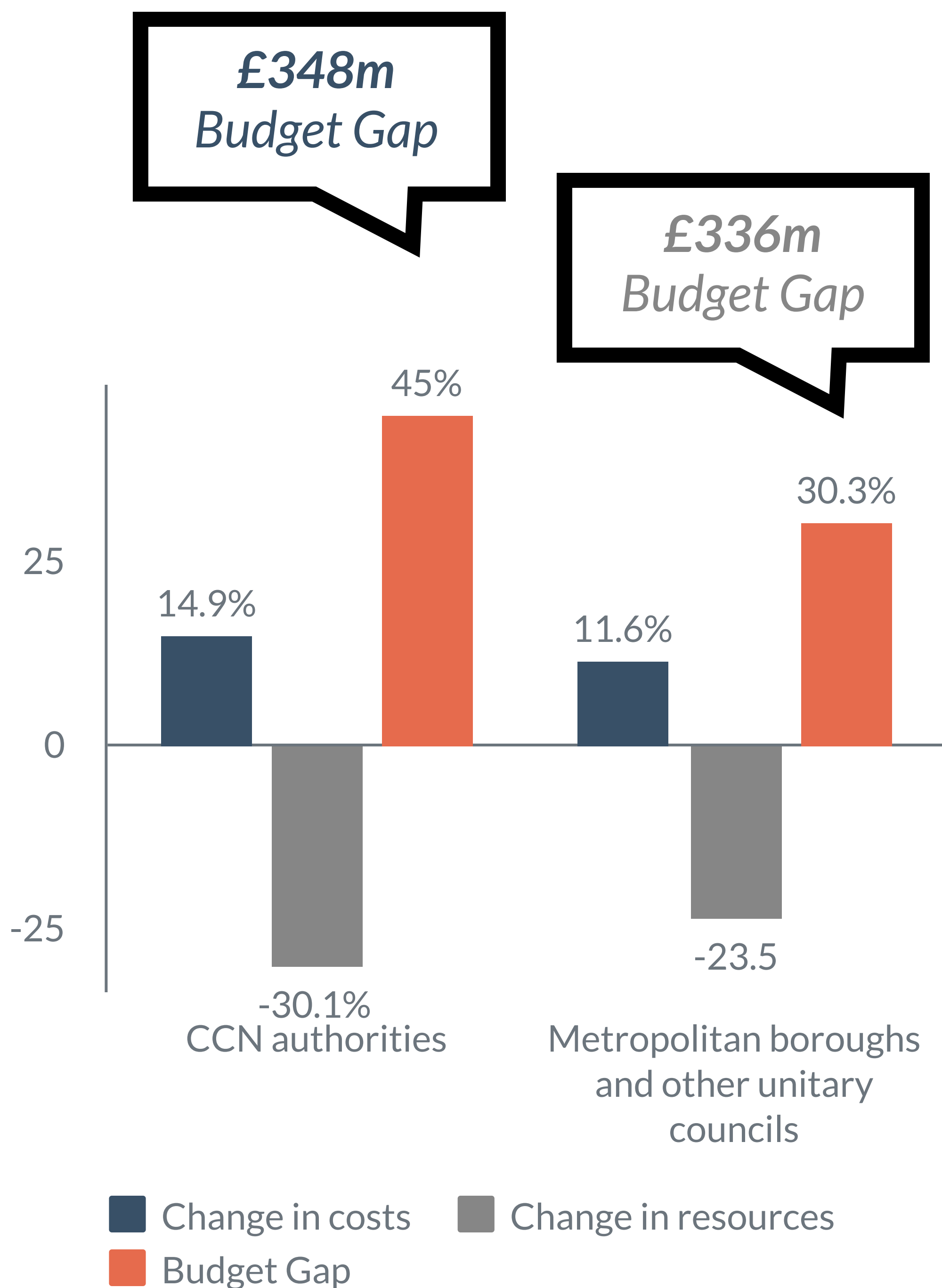
£ -48.0m

### East of England

📉 -23.0%

£ -40.3m

Figure 6 - Estimated budget gap by authority group relative to expenditure in 2009/10, adjusted for inflation



LG Futures also looked into the cost pressures CCN members are facing over the same period. Cost pressures were assumed to increase in line with each authority's projected population, and costs for concessionary travel were assumed to increase in line with the projected number of residents aged 65 and over.

For CCN member councils, figures 6 and 7 show that costs rose £115m between 2009/10 and 2018/19, a 14.9% increase in costs compared to a 11.6% (£111.4m) for metropolitan boroughs and other unitary councils.

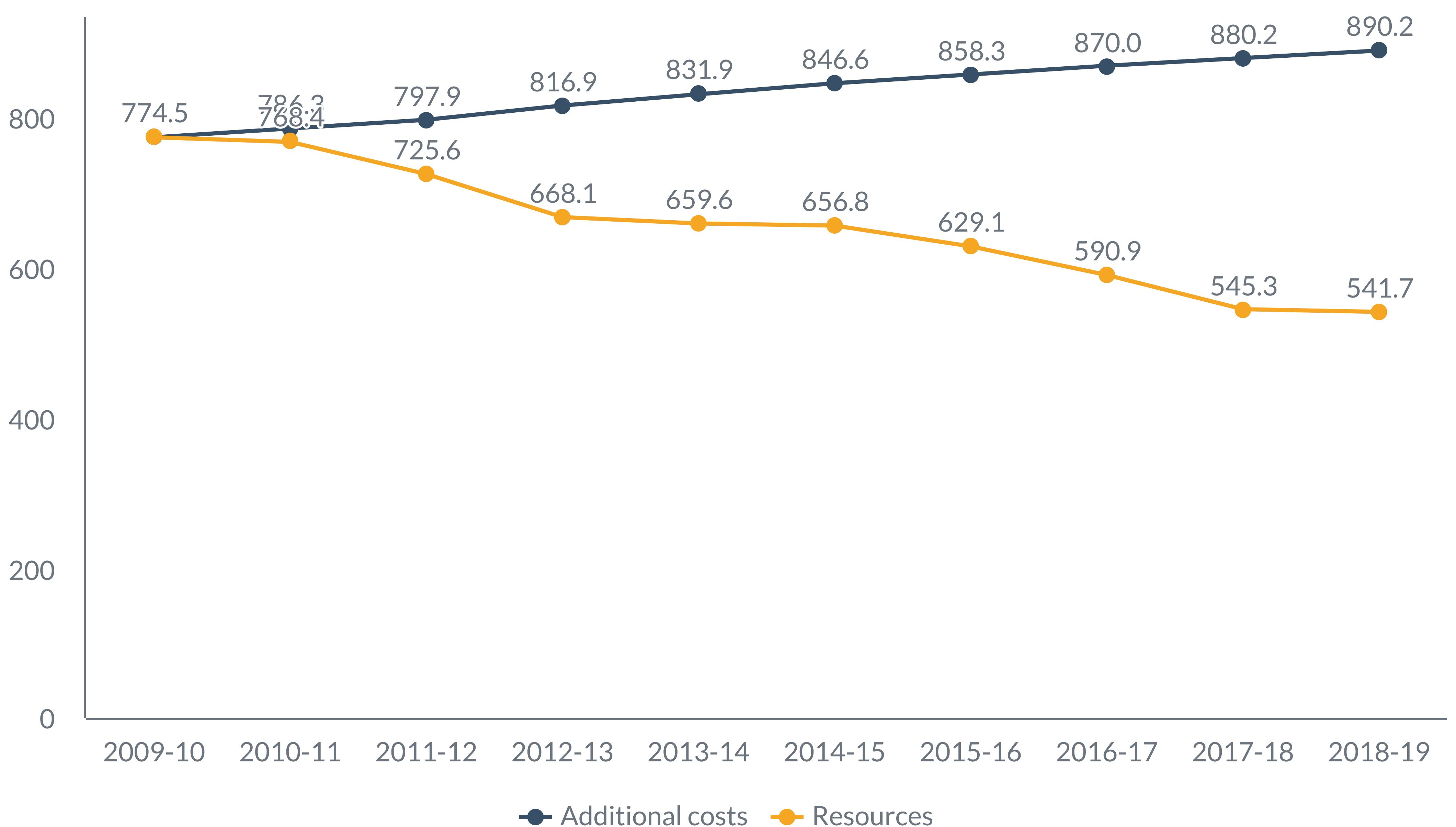
LG Futures concluded in their analysis for CCN that the increase in cost pressures suggests that the reduction in spending on local buses is more likely to reflect funding constraints than declining demand.

### Budget Gap

Bringing together the decline in resources and increase in cost pressures, LG Futures were able to estimate the budget gap facing services.

CCN's estimated budget gap of 45% (inflation adjusted) is significantly larger than metropolitan and non-CCN unitary authorities (35.1%). This equates to a £348.5m budget gap in 2018/19 for CCN authorities, compared to a £336m for metropolitan boroughs and other unitary councils.

Figure 7 - Estimated budget gap for CCN authorities relative to expenditure in 2009/10, adjusted for inflation



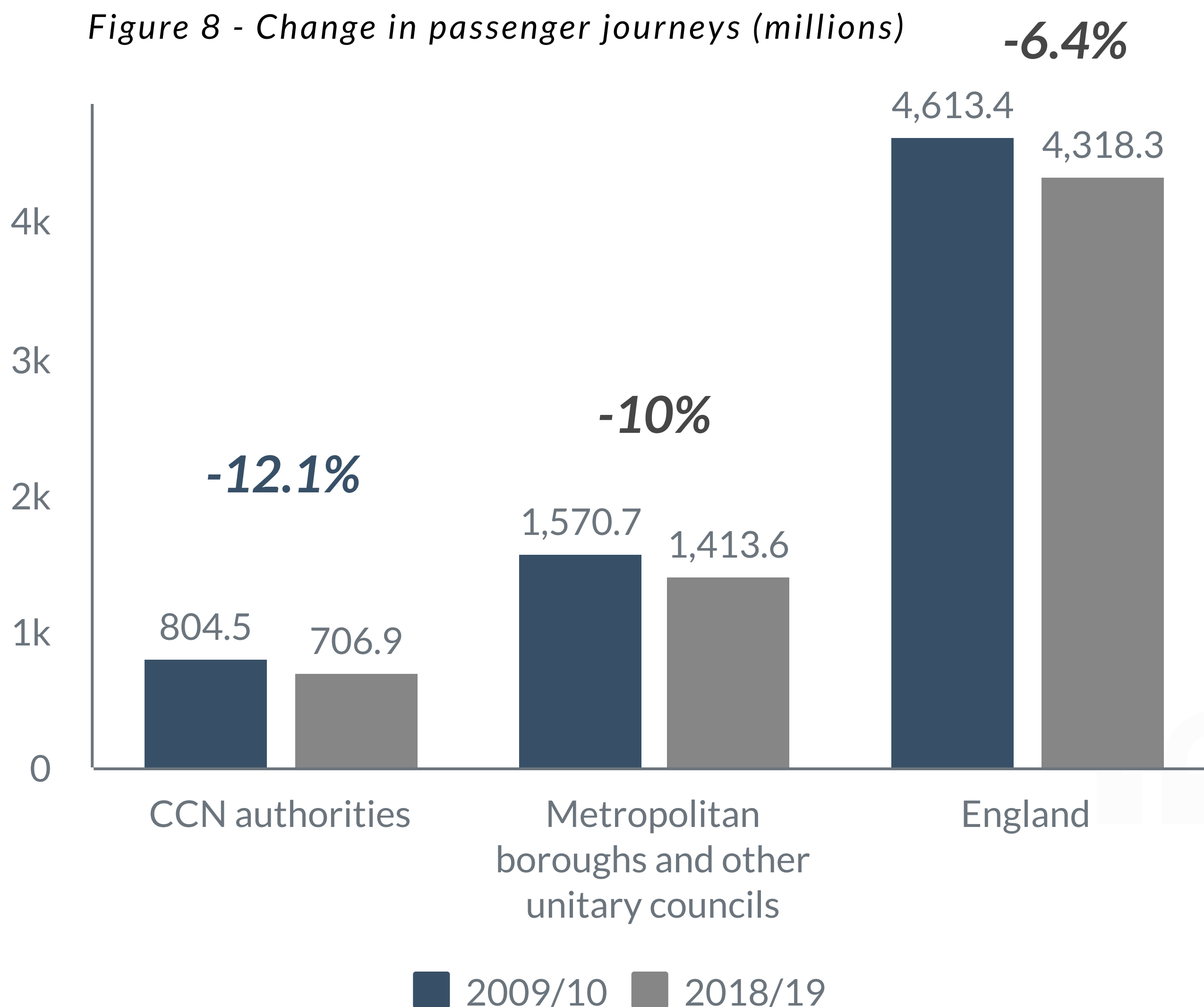
## Service delivery

As part of their analysis, LG Futures also assessed whether there was other evidence for changes in service delivery since 2009/10. The best available metrics were the number of passenger journeys, for which data was available from 2009/10 – 2018/19 at the time of writing. This was used to demonstrate how the number of passenger journeys, and passenger journeys per resident, have changed over time.

CCN authorities saw a 12.1% reduction in the annual number of bus journeys, higher than metropolitan and non-CCN unitary authorities and almost double the decline in England as a whole. In 2018/19 there were 97 million less journeys in CCN authorities compared to a decade ago, and in this year CCN areas accounted for just 16% of all national journeys.

On a per person basis, there was a 17.3% reduction in the number of journeys. Figure 9 breaks down the decline in bus journeys by region. Figure 10 shows counties in the North West witnessed the greatest percentage decline, followed by the West Midlands and East Midlands. In 2018/19, per head passenger journeys were almost three times higher nationally than in CCN authorities.

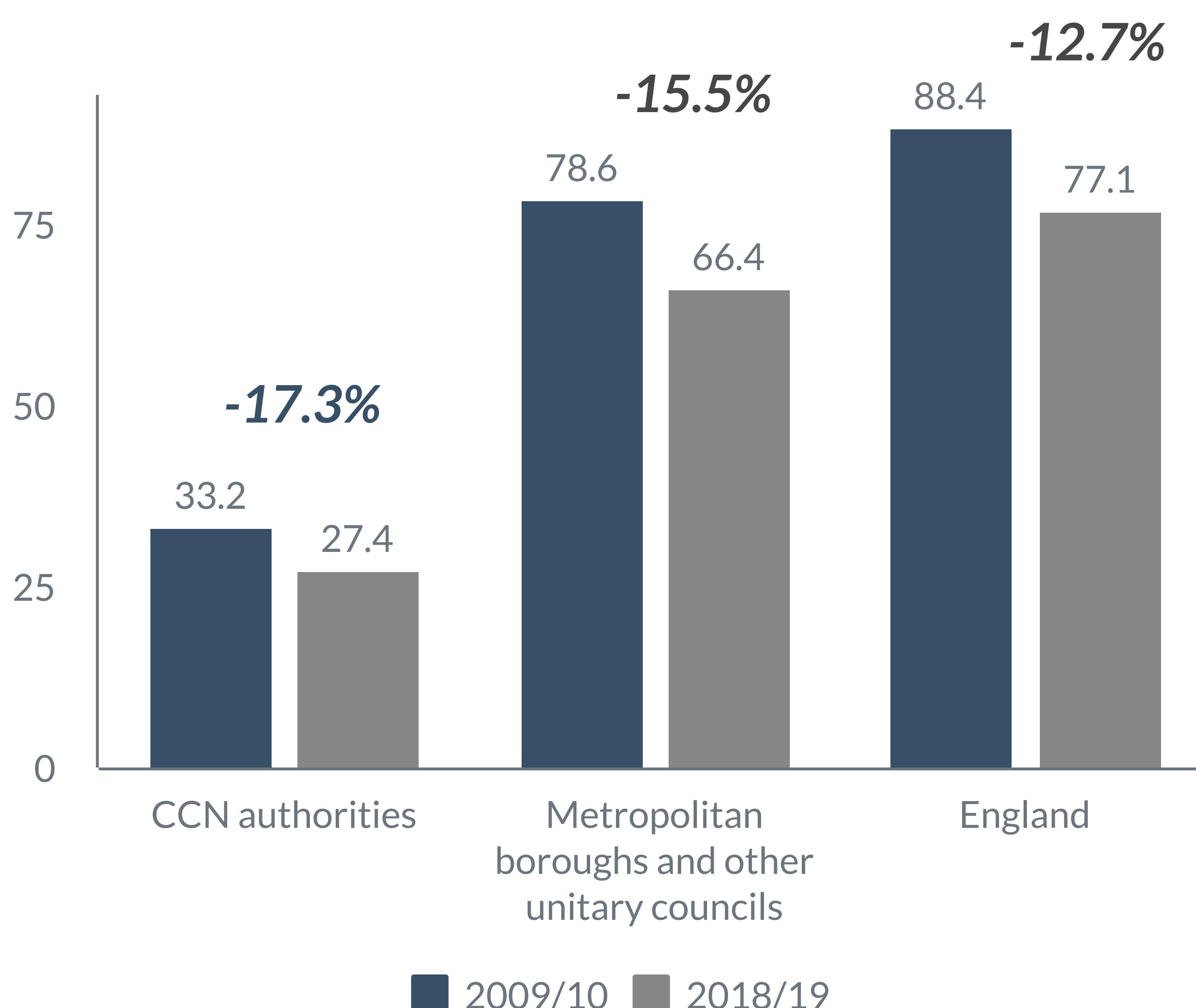
Figure 8 - Change in passenger journeys (millions)



**97 million** less annual passenger journeys in counties compared to a decade ago

**x3** amount of passenger journeys per residents nationally compared to in counties


Figure 9 - Change in passenger journeys (per person)




Only **16%** of all passenger journeys in England are in county areas


**FIGURE 10 - Regional change in passenger journeys (percentage and millions) (CCN authorities only)**

**North West**

 **-29.7%**


 **-25.1m**

**North East**

 **-15.1%**

 **-10.9m**

**Yorkshire & Humber**

 **-26.4%**

 **-6.4m**

**East Midlands**

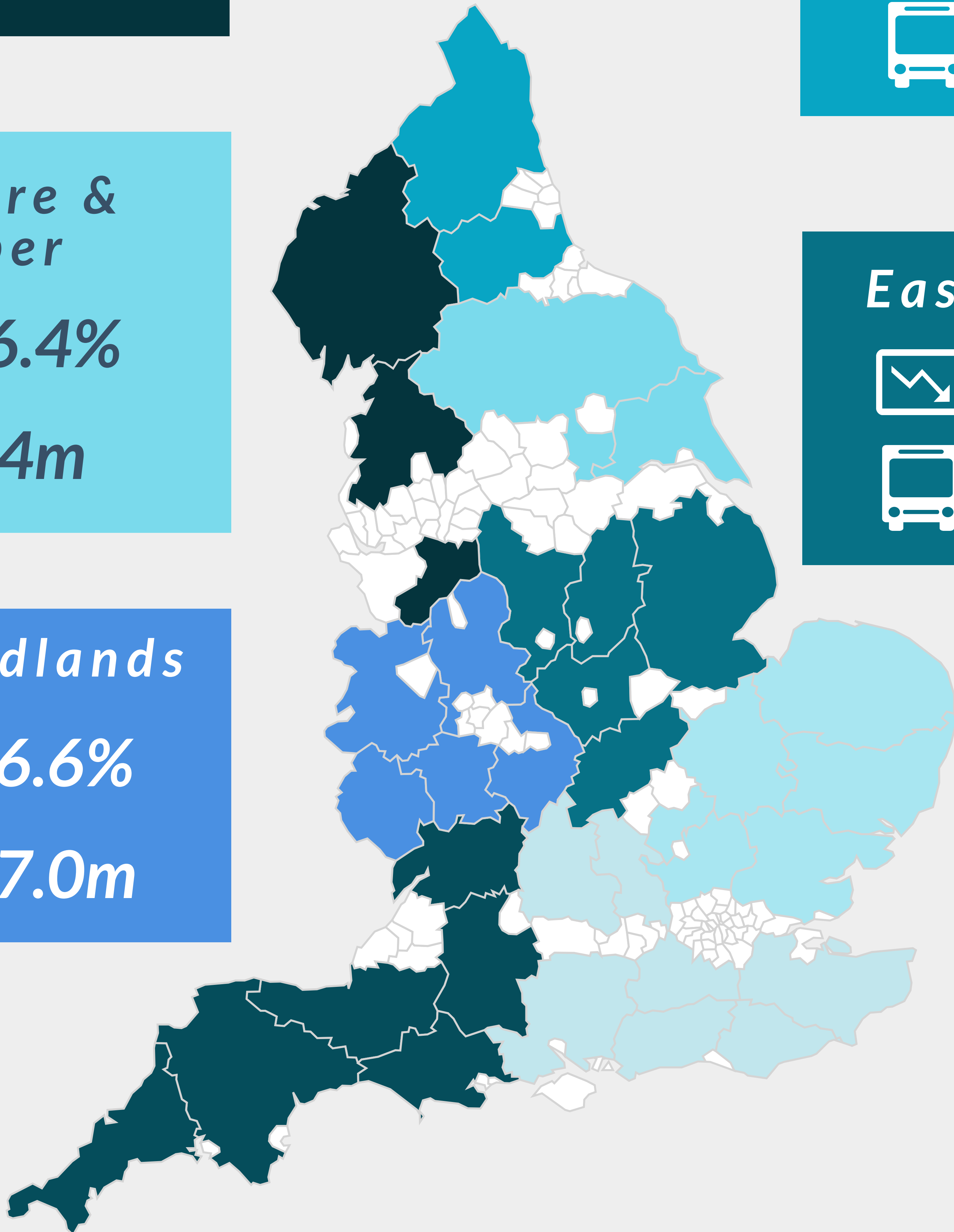
 **-17.9%**

 **-21.1m**

**West Midlands**

 **-26.6%**

 **-17.0m**



**South West**

 **-8.7%**

 **-7.7m**

**South East**

 **-1.2%**

 **-2.2m**

**East of England**

 **-4.1%**

 **-7.2m**

Data is also available for journey times, including the percentage of residents who can reach key services (such as employment, education, and medical care) within a given time period; for example, within 30 minutes. However, this data was only available for a short period (2014/15 to 2017/18) and so was only useful for comparing levels, rather than changes over time.

The analysis found the percentage of residents who could access key services by public transport or walking within 30 minutes was lower among CCN authorities compared to metropolitan boroughs and other unitary councils across every service, indicating that residents in county areas have to travel for longer to get to key services.

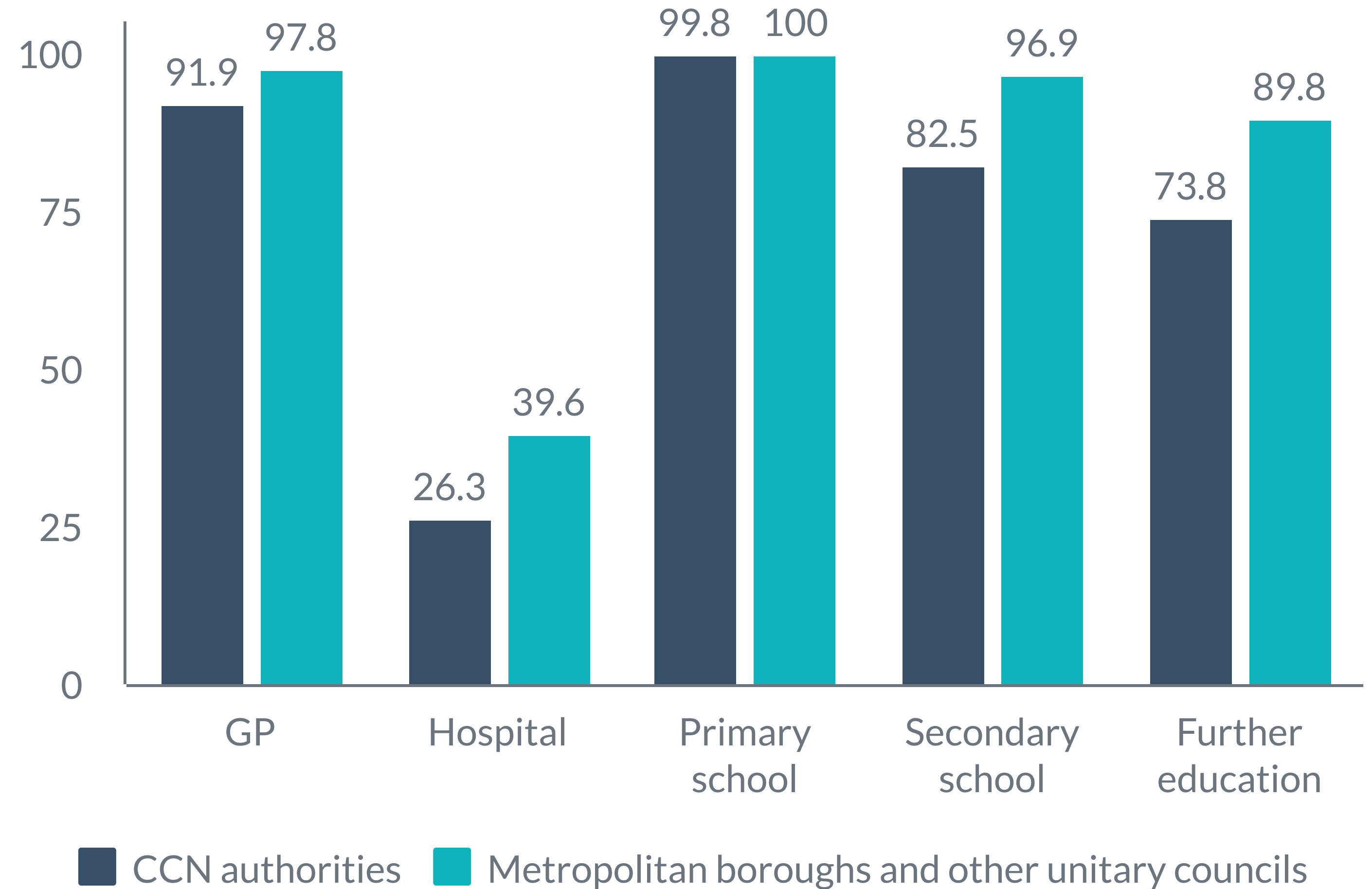
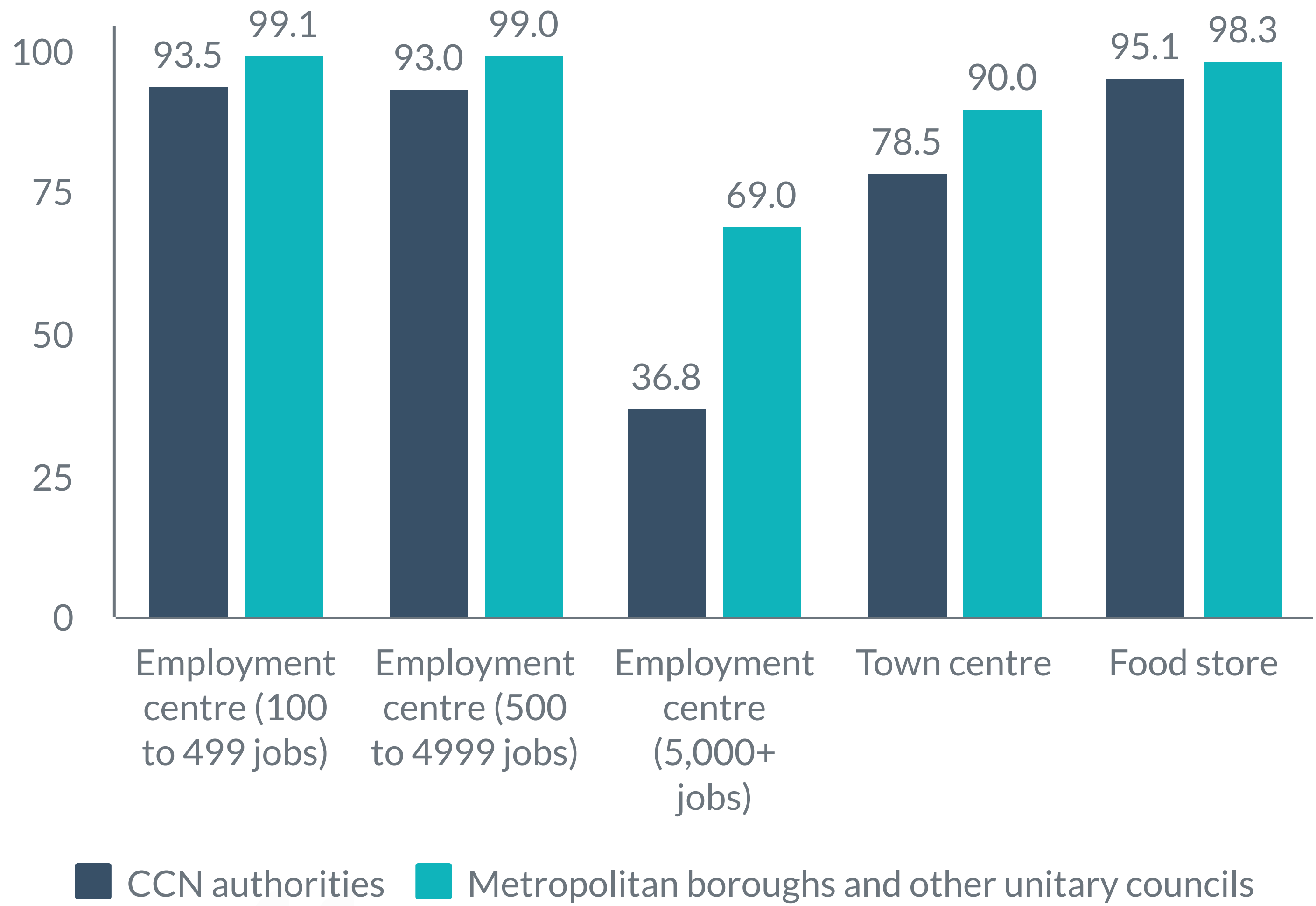
In their analysis, LG Futures concluded that residents in CCN authorities may be at the greatest risk of economic and social exclusion due to a lack of public transport, particularly in households without access to cars or other personal transport.

**37%** can access large employment areas within 30 minutes by public transport

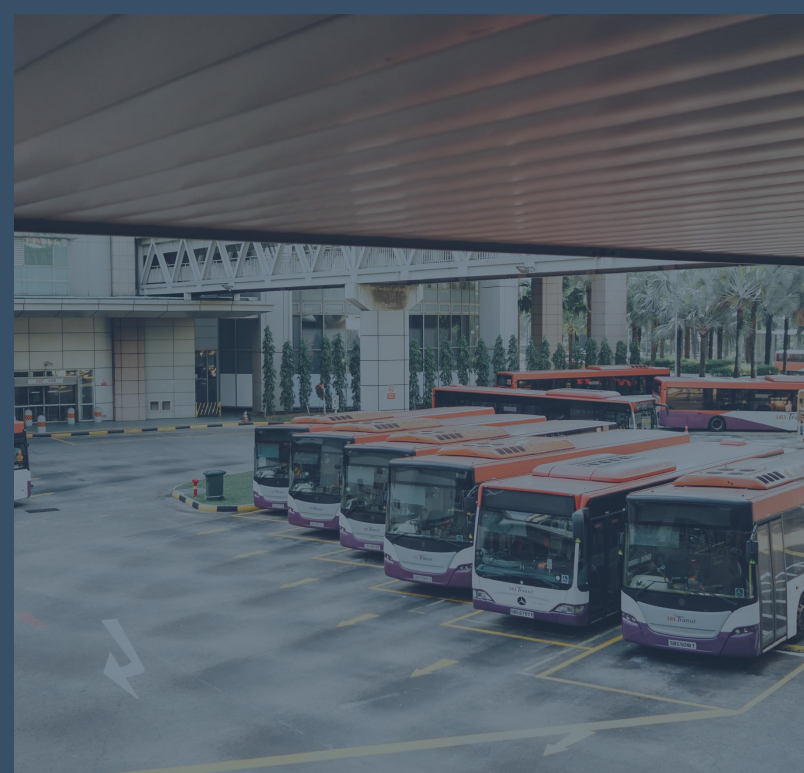
**26%** can access a hospital within 30 minutes by public transport

Residents in CCN authorities may be at the greatest risk of economic and social exclusion due to a lack of public transport.  
**LG Futures**

Figures 11 & 12 - Journey times to key services % of residents able to access services by public transport or walking within 30 minutes (2017)



# Chapter summary



These findings show that residents in county areas are at the greatest risk of economic and social exclusion due to a lack of public transport, particularly in households without access to cars or other personal transport.



The analysis from LG Futures shows that CCN county and unitary areas have seen a greater reduction in funding and a larger increase in cost pressures than other unitary authorities and metropolitan boroughs. This has resulted in a larger budget gap emerging for CCN authorities since 2009/10. These areas also saw a sharper reduction in passenger journeys since 2009/10.



As we explore in later sections, the reduction in passenger numbers should not be viewed as a reduction in demand for services (notwithstanding the current Covid-19 pandemic).



Funding pressures across local authorities have meant that the level of support they are able to offer to bus services has reduced, in many cases dramatically. In addition, reduced BSOG means that bus operators have seen reduction in grants meaning in many areas they will focus on more profitable routes, and remove quieter routes.

The reduction in passenger journeys is therefore likely to reflect a reduction in services available, rather than a reduction in demand. This is particularly likely to be the case in rural areas which may rely on one or two routes to get to larger settlements.

The next part of the report looks at the evidence received through the inquiry and explores how the National Bus Strategy could help to reverse the trend of declining bus services in rural areas.



### 3 The decline of county bus services



*The evidence from stakeholders clearly paints a bleak picture of declining services across the country, and examples from across county and rural areas demonstrates how this decline is playing out across communities.*



The first line of inquiry asked organisations about the decline of services in their areas, and to give a sense of the impact that this is having. All the evidence received noted the stark decline in bus services in rural areas, as corroborated through the LG Futures findings.

This decline in services has resulted in reduced frequency of some routes, and removal of others. This has had wide-ranging implications on communities from access to education and jobs, to services to social activities.

For CCN members, the reason behind this was overwhelmingly as a result of being forced to make significant cuts to fund existing services, or having to remove support for funding all together, as cost pressures increase. Increasingly difficult decisions have been made around non-statutory bus and transport services, where councils have had no choice but to cut services to support statutory provision such as adult social care and children's.

In evidence submitted by the CPRE, the countryside charity, they cite their report Transport Deserts, which was produced in collaboration with the Campaign for Better Transport and published earlier this year [3]. The report was the first attempt to apply a consistent method for ranking the availability of public transport in small rural towns. The research, which studied the South West and North East of England, found that across these areas more than half (56%) were found to already be or were at risk of becoming a 'transport desert' meaning that residents of these areas are seriously limited by a lack of public transport. Starkly, the research found that approximately 200,000 people living in just two regions of the country have access to just one commuter bus per hour at peak times for their whole community.

Bus Users UK note that the causes of decline in rural transport are varied, ranging from social changes in travel patterns to increased regulatory and legislative burdens. They also note that:

- local authorities that do fund transport have not moved with changing patterns of life and work;
- the commercial market no longer provides adequate rural transport, as market forces have eliminated competition;
- the regulatory environment is failing consumers and causing additional problems for community transport providers which traditionally bridge the gaps.

## Written Evidence

*In essence, the approach in rural areas to date has failed – leaving what in many ways are limited services to dwindling markets, provided on specific days and whilst there are many exceptions to this, what does remain is largely heavily subsidised. Therefore a new approach is required to enable those economically active, to choose the bus as mode of choice to connect to main streets and allow these users to positively improve the overall viability, which in turn enables buses to meet their social need.*

**Go South East**

## What is the Bus Service Operators Grant

Bus services across the country rely heavily on government subsidy known as Bus Service Operators Grant (BSOG). This is a subsidy paid in advance by the DfT to operators of eligible bus services and community transport organisations to recover the duty that operators pay on fuel. Its aim is to benefit passengers by helping operators keep fares down and run services that might otherwise be unprofitable.

## Local authority support

All of the CCN member authorities that submitted evidence to the inquiry reported a reduction in the amount of financial support for bus services in their areas, reinforcing the quantitative findings from LG Futures. This has had a range of impacts on the level of provision across their areas. Although the qualitative and quantitative information wasn't consistently provided, Figure 13 below provides an overview of the information that the inquiry received on the impact on local services.

Whilst this inquiry does not give details of the decline across the country, or intend to make comparisons of the places that have been worst affected, it does set out just some of the local impacts on bus services.

We note the Rural Service Partnership's warning in their submission around the use of statistics on the decline of bus services. They set out that there can be complications with registering and deregistering services that paint a misleading picture of a loss of services. We support their calls for the establishment of a central resource of data, advice and good practice. This would offer a sound statistical basis for future intervention and help to measure the impact of any new policies.

The evidence paints a bleak picture of authorities' decisions to reduce or cut support for services all together as a result of increased cost pressures to support statutory services and ratifies the findings by LG Futures. It is clear that the reduction in support from local authorities has led to a reduction in services, which as we note below, impacts on communities in multiple ways.

It should be noted that this evidence was collected prior to the Covid-19 pandemic, and is almost certainly going to be much worse as result of declining passenger numbers and increased operating costs to ensure social distancing can be maintained on board.

## Central government funding and grants

Much of the evidence submitted noted the reduction in government funding for bus services has been disproportionately damaging for rural communities, with reductions in funding through Bus Service Operators Grant (BSOG) and concessionary fare reimbursement rates.



# FIGURE 13 - Funding and service cuts

## *Durham*

In May 2011, 77 of 97 bus services subsidised by the county were partially cut with 20 supported services remaining untouched. In total, the council's budget for net spending on subsidised routes decreased from circa £4.5m in 2010/11 to £2.6m in 2018/19.

## *Herefordshire*

Herefordshire has experienced a loss of £875,000 of Rural Bus Subsidy Grant. Bus services have experienced a 25% reduction in service level in rural areas since 2011, and over the same period overall spending on bus services in Herefordshire has dropped by 62%.

## *Shropshire*

In 2013, the council's countywide demand responsive service was withdrawn, due to lack of users and the rising cost per passenger head. At the time, the cost to maintain the operation was in excess of £1 million per year. Upon the withdrawal of this service, the council funded the Community Transport Consortium instead, to carry out essential journeys for the majority of passengers impacted. In Shropshire, at the commencement of the free concessionary fares scheme, the council was being reimbursed by the Dft at c£1,000,000 per annum. The council now spends c£3,400,000, with the gap in funding provided by the council, as the Dft support was capped at £1,000,000.

## *Hertfordshire*

In 2009/10, the Hertfordshire County Council contracted bus services budget was £7.9m, and in 2019/20 this had dropped to £2m.

## *Cumbria*

In 2014, Cumbria became the first rural local authority to remove all funding for the support of local bus services. Of the 75 services, or parts of services, that received funding: 15 continue to run a similar timetable without subsidy, 26 have some service (often significantly reduced); and 34 routes had no replacement.

## *Nottinghamshire*

In 2009/10, the average net spend on local bus services was £8.11 per head of population. This has reduced steadily year on year to £5.14 in 2017/19. The average percentage of overall bus mileage supported by NCC reduced from 24.9% in 2013/14 to 8.8% in 2018/19 accounting for a reduction from 4.3 million miles to 1.3 million miles. The total number of bus service contracts funded by NCC reduced from 267 in 2009/10 to 97 in 2019/20, a 64% reduction.

## *Oxfordshire*

Budget for public bus subsidy was in the region of £3.7m at the time it was decided to be withdrawn in 2016. The subsidy covered 120 routes in full or part, which varied from single weekly journeys through to hourly Monday to Saturday routes. Routes ceased to operate with subsidy in July 2016. Roughly three-quarters of these routes predominantly operated in rural areas. Several operators attempted to operate some of their previously subsidised rural routes on a commercial basis, through cost saving measures such as reducing or combining routes, reducing operating days or increasing fares. Of the more substantive routes, all of them have subsequently failed or are failing as commercial operations.

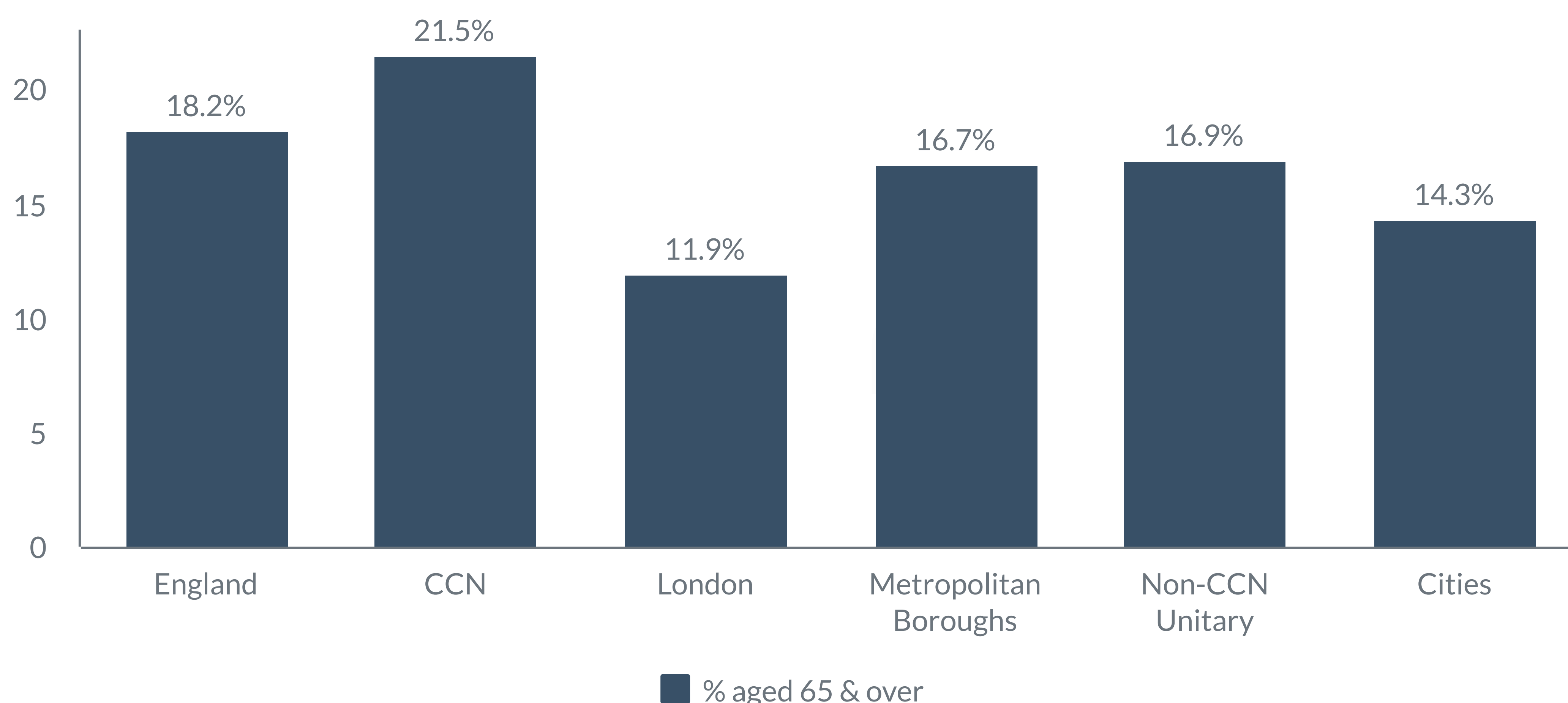
In their evidence, CPRE notes that BSOG replaced the original Fuel Duty Rebate in the 2000 Transport Act, and that the value of BSOG has been progressively cut such that bus operators now receive 64% of the fuel cost that they pay. As LG Futures showed in their analysis, CCN member areas faced an estimated reduction of £54.7m in BSOG between 2009/10 to 2018/19.

BSOG is paid as an amount per litre used on a bus route and since rural bus services are considerably longer per passenger journey, the value of BSOG to rural bus operators is particularly important. The reduction in the funding for bus services through BSOG has consequently had an especially negative impact on the provision of rural bus routes. Some submissions also noted that the uncertainty of future BSOG rates is causing concerns, and operators would be much more confident if the rates were known.

It was also noted in many submissions that the cost of concessionary fares, and the way that these are reimbursed to transport authorities, is having an impact on county authorities.

As demonstrated in figure 14, county and rural areas have significantly higher proportions of older residents, and therefore typically greater numbers of passengers travelling for free using the national older person’s bus pass scheme on county and rural bus routes. Due to this, the rate at which bus operators are reimbursed for the cost of older passengers travelling on free bus passes is particularly important for rural routes.

Figure 14 - ONS population (2019) percentage of aged 65 and over



*Much of the evidence submitted noted the reduction in government funding for bus services has been disproportionately damaging for rural communities.*

**24%** growth in those aged 65 and over in counties since 2009

**1 million** more aged 65 and over, two thirds of the national increase

## Written Evidence

*In essence, the approach in rural areas to date has failed – leaving what in many ways are limited services to dwindling markets, provided on specific days and whilst there are many exceptions to this, what does remain is largely heavily subsidised. Therefore a new approach is required to enable these economically active, to choose the bus as mode of choice to connect to main streets and allow these users to positively improve the overall viability, which in turn enables buses to meet their social need.*

**Go South East**

CPRE noted in their evidence, a change in the mechanism for estimating the value of concessionary bus fare reimbursements has benefited London over non-metropolitan (and primarily rural authorities). Through this change, the fare reimbursement rates for shire authorities were reduced to between 45-55% of the value.

The new formula for calculating reimbursements is based on the average for England, which is 34% of bus passengers travelling on a free bus pass. However, the figure in county areas is often much higher, and in some case can be up to 80%. CPRE notes that the greater the upward variance from the assumed average, the greater the reduction in the amount reimbursed.

CPRE concludes in their evidence that, all of this combines to mean that county bus operators are particularly far from being ‘no better off, no worse off’ as was originally intended under the regulations for the reimbursement payments of the national concessionary fare scheme. These costs are undermining the viability of vital county and rural bus services for many of the very people intended to benefit from free bus passes.

## Regulatory framework

From the evidence submitted to this inquiry it is clear that the legal and regulatory frameworks in which county and rural bus services operate within may also be having unintended consequences on bus services. The NAO notes that deregulation of services has shifted control over bus routes and passenger fares from local authorities to bus operators running commercial routes.

Over time, the DfT has tried to give a degree of control back to local authorities through the Bus Services Act 2017 by allowing partnerships with operators. However, the NAO comment that local authorities reduced spend on local transport is likely to have led to reductions in experienced transport planning staff to work in partnership with local operators [4].

## Within their evidence, Bus Users UK noted the following on regulation :

- In evidence to DfT in 2016, the Association of Local Bus Managers said that an unintended consequence of the 2017 Bus Services Act franchise provisions was that network operators would repatriate profits into city networks, reducing cross-subsidy in order to be more competitive in the event of city tendering. Shareholder pressure means those same operators must concentrate on routes making higher returns. This usually excludes rural ones leaving rural networks doubly impacted;
- The 1985 Transport Act reduced regulation on bus services on the basis that competition raises standards. However, the safety net of Section 63 of the Act which allows councils to provide socially necessary journeys where commercial services are not feasible, has not prevented councils reducing or cutting services completely;
- Community transport, which has been used to plug the gaps in rural networks, has also been affected by regulatory change. In July 2017, DfT reinterpreted sections of the 1985 Transport Act, which affected the sector’s ability to use cost advantages to run services lost due to local authority funding cuts. Loss of confidence among community transport suppliers in government has damaged the future delivery of rural services.

The 2017 Bus Services Act also introduced new powers for local authorities with elected mayors to take control of their local bus services through franchising powers. The same privilege has not been available to county and unitary authorities with statutory responsibility for transport, with the exception of Cornwall Council who received franchising powers as part of their devolution deal.

Cornwall Council is developing a case to pursue bus franchising within the region, alongside the delivery of network improvements. The Council has not yet made the decision to invoke these powers, instead focusing on the improvements that can be implemented through the use of partnership working with the local bus operator forum, Cornwall Coach & Bus Operators Association (CoCABOA) and the launch of Transport for Cornwall.

### ***Service provision impact***

A combination of a significantly reduced funding system combined with increased legislative and regulatory burdens have clearly had a significant impact on the provision of county and rural bus services across England. This impact has culminated in the following:

- reduced timetables or even withdrawal of services by commercial operators if they are not commercially viable;
- increasing budgetary pressures have meant that local transport authorities are less able to support services that they deem to be important for connectivity, leading to further reductions in services;
- community transport schemes, which have often plugged the gaps, are under increasing financial strain and regulatory burdens which affects the viability of the services.

The evidence submitted by CCN member authorities highlights this service reduction, along with the pressures such as increasing numbers of concessionary fare pass holders where the grant funding for the subsidy does not match the actual cost.

The impact on services was also shown through evidence from the National Association of Local Councils (NALC) along with evidence submitted from a range of individual parish councils and community groups.

The examples in the box to the right are just a small selection of a trend that is happening across the country and the impact that this decline is having on communities is wide ranging and severe.



*From the evidence submitted to this inquiry it is clear that the legal and regulatory frameworks in which county and rural bus services operate within may also be having unintended consequences on bus services.*



### ***Written Evidence***

Several submissions from town and parish councils highlighted the impact on local bus services;

- Bretherton Parish Council in Lancashire lost its last bus service two years ago, effectively leaving older people and people without a car trapped in the village. The council has tried without success to work with the Stagecoach to amend an existing route by a mile to include a stop in the village.
- Two services in Langham Parish Council in Essex were withdrawn, leaving one service remaining running from Colchester to Dedham five times each way from Monday to Saturday. This service is not adequate for residents to use it as a viable mode of transport to commute to work or school.
- Wanstrow and Cloford Parish Council in Somerset lost its last bus service around 10 years ago. Wanstrow has no shop and residents attend doctors surgeries in Bruton and Frome. The A359 is too dangerous to cycle along and has no footpaths in many parts leaving the car as the only viable mode of transport out of the village.

As noted in the analysis by LG Futures, the percentage of residents who could access key services by public transport or walking within 30 minutes was lower among CCN authorities compared to other metropolitan and (non-CCN) unitary authorities across every service and employment area, indicating that residents in county areas have to travel for longer to get to key services.

### *Other factors affecting bus services*

The level of car ownership across the country can also blur the picture of the effect that reduced bus services are having. As noted in their response, over 27% of households within the Durham Council area do not have access to a car.

In their response, Herefordshire noted that almost two-thirds of all Herefordshire Lower Super Output Areas are among the 25% most deprived in England in respect to geographical barriers and services. These pockets of deprived areas occur across county areas, and the lack of affordable rural public transport, will further limit social mobility and life chances through a lack of access to education, training and jobs.

It is also likely that enhanced services would encourage car users out of their cars and onto buses if services were reliable. Bus Users UK note in their evidence that every double decker bus takes up to 75 cars off the road. Investing in bus services would help to reduce congestion on roads, and improve air quality whilst also assisting with reducing carbon emissions.

Where services remain reduced, those who have the option often switch to private transport, leading to rising inequality, congestion, pollution, and increased social isolation particularly among vulnerable groups, and the decline of local economies.

Submissions received noted how often bus timetables do not correlate with train timetables and that some rural train stations have no bus services at all. A more joined-up approach to timetabling services so that services are integrated, particularly at peak times, would encourage more people to use public transport in favour of private cars. Combined ticketing so that passengers can use the same ticket for both rail and bus journeys would also make things simpler and easier for passengers.



### **Written Evidence**

*Every double decker bus takes up to 75 cars off the road. Investing in bus services would help to reduce congestion on roads, and improve air quality whilst also assisting with reducing carbon emissions.*

**Buses UK**



Oxfordshire County Council note in their submission that the lack of rural bus provision creates difficulties ensuring developments are adequately serviced by public transport – and this is an issue that is more difficult to overcome in rural areas given walking and cycling are less viable because of lack of suitable infrastructure and greater distances involved.

The planning system clearly has a role to play in ensuring as far as possible that new development is sustainable, is located close to existing public transport, or that new development is served as far as possible by new passenger transport services that gives communities a viable alternative to private car use.

Whilst the focus of the impact is quite rightly on the social element, the economic impact of declining bus services must also not be ignored. According to Greener Journeys, bus users create more than £64 billion of goods and services.

The connections that bus services provide across rural areas will support the local businesses that keep places vibrant, and support local economies, including places where tourism plays a role.

When thinking about the bus services of the future across the country, it will be important to make sure that bus routes consider the broader economic development and social priorities of councils and join up rural areas to key economic hubs, supporting levelling up across the country.



*The connections that bus services provide across rural areas will support the local businesses that keep places vibrant, and support local economies, including places where tourism plays a role.*



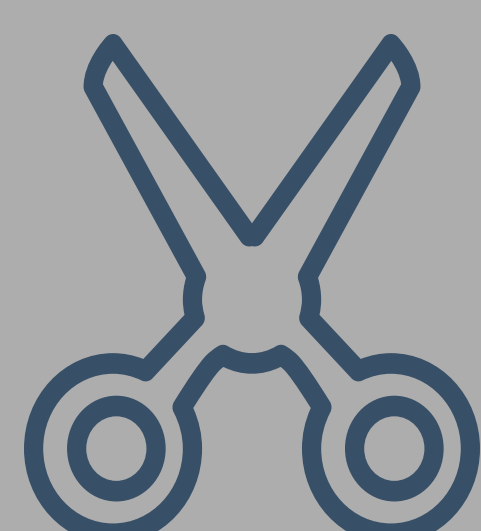
## CCN's Autumn Budget Survey 2020 showed:



*Only one in five councils are confident they can deliver a balanced budget next year without dramatic reductions....*



*38% of councils said they have no scope for making savings in bus subsidies and local transport schemes because they have already reduced support to minimal levels....*



*24% of councils said they plan to reduce bus subsidies and local transport 'moderately or severely'. Only 20% say they plan any investment....*

# Chapter summary



The evidence presented both by LG Futures and through the evidence from stakeholders clearly paints a bleak picture of declining services across the country, and examples from across county and rural areas demonstrates how this decline is playing out across communities.



Funding is clearly the key issue behind declining services, as Government grants through BSOG have been reduced and commercial operators focus on the most viable routes. In addition, local government continues to grapple with increasing cost pressures and are unable to provide discretionary support to services, whilst also funding concessionary travel and home to school transport.



Increasingly difficult decisions have been made around non-statutory bus and transport services, where councils have had no choice but to cut services to support statutory provision such as adult social care and children's. CCN's most recent Budget Survey of their member councils bares this out, while showing that the situation is likely to worsen in the coming period.



The survey showed that when considering service reductions next year as a result of funding pressures, 38% of councils said they have no scope for making savings in bus subsidies and local transport schemes because they have already reduced support to minimal levels.

Nonetheless, with only one in five CCN member councils confident they can deliver a balanced budget next year without dramatic reductions, where services have not already been reduced significantly, some 24% of councils said they plan to reduce bus subsidies and local transport schemes 'moderately or severely' over the next two years. Only 20% say they plan any investment.

As we outline further on in our recommendations, the only way to prevent further reductions and reverse the steep decline in local bus services is through greater financial support.

However, despite the financial challenges, our next section shows that councils and communities across the country have innovated to provide services that fill the gaps left by dwindling bus routes, opening up access to vital services and providing links to traditional bus routes. This serves to demonstrate that, alongside sustainable funding, the provision of much greater powers, freedoms and flexibilities could help transformation local provision and reverse the decline in county bus services.

## 4 Innovation in local provision

“

*Transport authorities in county areas have worked with operators, community groups and parish councils to innovate and find ways that increase the provision of public transport, or demand-responsive services, to communities.*

”



The APPG was keen to also hear about the good practice that local authorities and partners are undertaking to keep services running and connect people and places around them.

In the face of increasing financial uncertainty, and reduced availability of services, many transport authorities in county areas have worked with operators, community groups and parish councils to innovate and find ways that increase the provision of public transport, or demand-responsive services, to communities.

Some authorities have also used developer contributions in innovative ways to top-up services or use new technologies to introduce demand responsive services to new developments.

The following sections detail just some of the innovative practices from across county areas that were submitted as part of evidence to the inquiry.

### *Community transport*

The role of community transport has shone in many submissions – and it’s impacts are particularly felt in areas that are classed as ‘very rural’ where towns, villages and settlements are not close to each other and where there has been a significant reduction of commercial services.

The Community Transport Association (CTA) states that community transport exists to meet needs that are otherwise not provided for by other forms of transport. These transport solutions are devised, delivered and driven by local communities often in response to reduced, withdrawn or altered bus services. The CTA believe that better coordination of transport and the inclusion of community transport in transport planning, particularly in rural areas where resources are scarce, leads to a better, more integrated transport network.

Whilst community transport clearly plays a very important role at a local level to bridge gaps in services provided by larger operators, submissions to the APPG have shown that regulatory burdens and onerous requirements around permits and licensing can threaten their viability. Whilst some of these requirements around safety are clearly necessary, there is a need to review the regulatory regime to ensure that regulations are not overly burdensome on this form of transport.



## Case studies

### Community transport

- In Cumbria it is clear that community transport has played an extremely important role in filling a gap where commercial operations are no longer viable. Across a number of areas, parish councils in Cumbria have raised funds to support a limited bus service provided through commercial bus operators. In other areas, they have expanded Section 22 community bus operations which are highly valued by local communities. It is clear from the evidence received that there is much potential for Section 22 operations in particular to be expanded and play a bigger role in providing passenger transport services to communities across the country.
- Bishop's Stortford Town Council manages a fleet of community minibuses on behalf of Bishop's Stortford Minibus Trust. These are available for hire by local community organisations and groups who operate on a not for profit basis. There are also a number of other regular services available to communities, including the 'Stortford Shuttle' which operates on a circular route not covered by commercial bus companies, and the 'Hadham Hopper' which operates a free service linking communities to shops and services.
- In Oxfordshire, there are a range of community transport providers including operators set up as Community Interest Companies. Whilst some of these already existing, others were set up in response to a planned withdrawal of routes in 2016. Most of the routes provided by community transport operators after 2016 continue to run, although this is in part to preferential concessionary fares reimbursement compared to conventional operators. Without this reimbursement, it is likely many routes would not be viable.

Although these examples have provided much needed services in areas where there are gaps, many submissions questioned how sustainable these services are in the long run. Many community services rely on the goodwill of volunteers to keep services running, and these are easily lost when volunteers are lost or groups are no longer able to commit to running a service.

### Demand responsive transport

Demand responsive transport (DRT) services have also been used by transport authorities to provide services on demand to residents where traditional commercial services have been withdrawn or significantly reduced. Much like community transport, these services often provide access to essential shops and services, but as the evidence received shows, can also link people to commercial bus service hubs for onward journeys.

## Case studies

### Demand responsive transport

- In Durham, the council operates a service called 'Link2' which is an accessible dial-a-ride bus service for people who do not have a suitable bus service or are unable to access regular bus services due to mobility issues. Link2 can be used for shopping, work, training, health appointments or anywhere else the passenger wants to travel. The bus will pick up and set you down at your address if the journey is up to 5 miles. For journeys over 5 miles, Link2 will take you to the nearest transport hub allowing you to continue your journey from there. Fares are the same as conventional bus services and concessionary bus passes can also be used.
- Cumbria County Council also run a demand responsive service, Rural Wheels, using taxi operators but charging the customer a set mileage rate. This option provides door to door transport for people who do not have, or are unable to access scheduled transport.
- Essex County Council provide a DRT in rural areas of Northern Essex and The Dengie Peninsula in Maldon. DRT is provided by a number of minibus vehicles, typically accommodating between 8 and 16 passengers. They differ from the current bus services, in that they are totally flexible and can divert on and off route to collect and drop off passengers within their operating area. The current demand responsive or DRT service works by grouping bookings together to make it viable.

## Case Studies

### Total transport

- In 2014, Herefordshire Council integrated its school and public transport services in to one team. Their preferred approach to school transport in rural areas is now to utilise public buses where possible, this has the advantage of not only meeting the student demand but also increases public bus provision in areas that would not normally have a service. The council also launched a joint Dynamic Purchasing System (DPS) in 2018, which is used to carry out procurement of all transport services across the varying sectors including Community Transport. This joined up approach better utilises resources, achieves better value for money and increases market competition in a County where this has historically been weak.
- Devon County Council has an established Transport Coordination Service which manages public transport support, the National Bus Pass, education transport, social care transport and an in house fleet. Established through Total Transport funding, the Council also manages non-emergency patient transport on behalf of the CCG where they assess eligibility for patient transport, and signpost non-eligible patients to other options. This had led to more joined up transport planning, better vehicle utilisation and a efficiencies for both parties. This integrated approach has been invaluable during the COVID-19 pandemic.

There is no doubt that where such services have been introduced, they have had a positive impact. However research from Transport Focus in 2016 showed that where DRT services replaced conventional services, passenger numbers fell[1]. It is therefore important to consider demand responsive transport as part of an overall package for passenger transport across rural areas rather than a replacement for conventional services.

### Total Transport

As the DfT notes:



*Total Transport is about finding ways of commissioning public sector funded transport so that passengers get a better service with less duplication of resources. This can include services like non-emergency patient transport, adult social care transport and home to school transport. These are all similar, provided in the same geographical area and often carrying the same passengers at a different times.*



In Spring 2015, the DfT launched a fund for pilot schemes based on the principles of Total Transport with the aim to test the feasibility of the concept. In July 2019, the department published a feasibility report which set out the lessons arising from the pilot.

Some valuable learnings came from this pilot, most notably that often solutions require local knowledge, and a one-size fits-all approach is often not the best approach. Instead, local authorities should work with transport providers to best design a Total Transport scheme in their areas.

Some submissions referenced Total Transport as an option to consider, and other authorities noted principles of Total Transport that had already been used to enhance services and make the most of fleets in their area.



The Rural Services Partnership noted the opportunity that Total Transport presents in providing patient transport to hospitals and health centres. They told us that operating such services through the Total Transport model would not only offer a cost-effective solution to providing these services but would also result in greater social inclusion and reduced loneliness of individuals, which not only would improve their quality of life but would also directly reduce pressure on those same NHS Trusts.

The APPG's previous report on Social Mobility in Counties recommended that the government should support counties to ensure they have the powers and funding to improve connectivity for rural areas, both within counties and across local government boundaries. It suggested that this could be through Total Transport schemes, and that the government should build on pilots to determine what could be rolled out to other local authorities.

Clearly, there is much potential in the principles of Total Transport schemes. Whilst they may take time to establish, the benefits that such a scheme could bring – both in terms of enhanced services, and cost savings – should not be overlooked.

## Case Studies

### Community transport

- Surrey County Council announced new funding of £49m in November to accelerate the introduction of ultra-low and zero emission buses in Surrey. The Surrey Ultra Low and Zero Emission scheme will see the introduction of up to 80 ultra-low or zero-emission buses and 50 community transport minibuses by 2025 with the aim that all buses across the county will be ultra-low or zero-emission by 2030. Residents will also benefit from improvements to bus journey times and increased real time passenger information in busy areas. Financial support will be provided by Surrey County Council with supporting investment from bus operators and community transport providers. Surrey County Council's investment will see £32.3m allocated to buses, £6.3m for Community Transport vehicles, £9m for bus priority measures on the highway and £1.4m dedicated to improving the real time passenger information system.

## Case Studies

### Demand responsive transport

- In their response, Leicestershire County Council note the use of digitalised demand responsive transport, which helps the authority to consider passenger transport services as a whole and not just traditional timetabled bus services. As part of a new housing development, they used a Section 106 agreement to fund a digital demand responsive passenger transport service which has enabled residents to access key destinations in a more efficient way. The service, provided by ArrivaClick and operated by Arriva UK, allows users from a wide geographical area to book and pay for transport through a digital app between 6am and 11pm to access key essential services, employment and retail.
- Hartley Witney Parish Council in Hampshire owns and manages a community transport scheme that is funded through developer contributions from Barratt Homes. The scheme includes a five day per week commuter service running to and from the local train station and a three day a week timetabled shopper service. There is also a twice-weekly door to door service running to Fleet Town Centre and the local supermarket. Fares start from £1 for a single trip, with concessionary pass holders able to travel for free on the shopper service.

Leicestershire also noted that the authority will be exploring the possibility of utilising the Rural Mobility Fund to deliver similar style demand-responsive transport to other areas of the county but warned that the bidding processes for such grants is often timely and costly, with no guarantee of receipt of funding.

## Section 106

Some transport authorities have noted the use of developer contributions to secure contributions towards services, or trial innovative technology that promotes the use of public transport to communities.

Oxfordshire County Council notes that it has an excellent record in securing Section 106 funding from developers for public transport services and has a substantial network of routes under contract as a result, with a tender process currently underway for further enhancements.

In their evidence, bus operator Go South East referenced their submission to the National Planning Policy Framework which noted a reduction in transport and travel contributions.

Clearly this decline in contributions will limit the ability of authorities to fund new transport projects as a result of development. This approach to utilising Section 106 funding will only be appropriate for areas with higher land values where additional funding can be secured over and above funds for key priorities such as affordable housing. Some CCN members in the northern regions stated that this solution would not be appropriate for their areas given relatively lower land values.

There are also concerns over the proposed approach with replacing Section 106 and CIL with the new infrastructure levy, as proposed in the recent 'Planning for the Future' White Paper, with fears that this will not result in the same level of contributions as the current system. This could force authorities to make difficult choices about what infrastructure they should prioritise, and with affordable housing in such desperate need, could result in other infrastructure such as transport receiving less through contributions, further exacerbating funding shortfalls and running the risk of creating unsustainable places.



### Written Evidence

*At a time when developer contributions nationally have increased from £5,064m in real terms to £6,007m between 2005-2006 & 2016-2017, transport and travel contributions arising from development have declined by 70% from £467m to £132m over the same period. We have severe concerns that local, deliverable transport schemes are not delivered or prioritised as big ticket, slowly delivered, complex schemes are delivered at the expense of local transport solutions.*

**Go South East**



# Chapter summary



There is clearly a huge variety of innovative practice happening across the country to keep communities connected to each other and the places around them, and this section captures just a small amount of this.



The inquiry heard from a wide range of community groups and parish councils all working extremely hard to keep their communities connected, working closely with county authorities.



These services models rely on the goodwill of volunteers and parish councils to keep services running, others rely on local authority budgets to continue subsidising services, and others have been able to be offered as a result of new development and funding via developer contributions that allow for more sustainable transport solutions to be implemented.



There is no panacea to replacing commercial routes lost or to open up new ways of connecting particularly remote communities, but what is clear from the evidence is that community transport and DRT services are important at providing first and last mile solutions best viewed as complimentary to the traditional commercial operator offer. Total Transport principles also offer a way to reduce duplication of resources, and streamline services.

We should learn from the authorities who are grappling with this, recognising the benefits they could have in rural areas and for their communities.

## 5 The Implications of Covid-19



*It is clear there will be immediate and longer-term impacts of Covid-19 on the provision of bus services in county and rural areas.*



As this APPG inquiry was gathering written evidence, the coronavirus pandemic struck. The public health emergency currently gripping the world has, and will, impact of every aspect of daily life, with long term consequences for the economic and social fabric of society. We therefore expanded the terms of reference of our inquiry, inviting additional submissions to outline the initial impacts that the Covid-19 pandemic has had, and will continue to have, on the provision of rural bus services.

Whilst evidence submitted is mainly anecdotal at this stage, it is clear there will be immediate and longer-term impacts of Covid-19 on the provision of bus services in county and rural areas. This section gives an overview of how authorities and operators envisage how the situation may develop.

### ***Immediate impacts***

The pandemic has hit bus services two-fold – reduced passenger numbers due to the requirement for social distancing on board, and reduced fare income as a result. Bus Users UK noted that a bus designed to accommodate 35 passengers could now only carry between 7 and 10 passengers. This may be adequate in some areas, but as many rural bus routes are designed around schools, these need to be filled in order to be cost-effective for both the local authority and the transport provider.

County councils noted in their evidence that commercial bus operators are experiencing significant reduction in passenger volumes making it difficult for them to be able to continue to afford to run services which are necessary for key workers. Some bus operators asked to temporarily extend the concessionary fare scheme to 24 hours operation.

Responses noted that the pandemic has highlighted just how marginal bus operations are, and that significantly reduced services are not a sign of poor financial management but the fact that services already run at the very limits of viability. Many transport authorities have continued to honour supported bus contracts and payments and concessionary fares during the pandemic, whilst experiencing significant deficits in income from these services.

## Case Study

### Norfolk County Council

- Whilst Government have provided support to transport operators, both directly and through the County Council, the Council continues to work with operators to ensure there is resilience of the public transport network including home to school transport. Work is also underway with operators to ensure they have the ability to provide viable services under social distancing measures and through a period where there may be low public confidence in using public transport.
- With many people still needing to get to their workplace, and capacity on public transport continuing to be restricted while social distancing measures remain in place, active travel has never been more important. A free package of support for businesses in Norwich and Great Yarmouth has been developed to encourage staff to use active travel options to and from work. The new offer from the Pushing Ahead project includes bike vouchers, training and grants.
- The Active Travel offer will support organisations to create workplaces that allow employees to choose active travel options to get to work instead of relying on the car. The offer is being provided by Norfolk County Council's Pushing Ahead, sustainable transport initiative which works together with partners like the University of East Anglia (UEA), Active Norfolk and other Norfolk councils.

Many submissions welcomed the additional funding provided by the DfT through the COVID Bus Service Support Grant, but noted that it has not offset the additional costs that have been borne as a result, which will inevitably lead to difficult decisions in the future for supported bus services whilst authorities work to balance their budgets.

It is clear that the viability of many rural routes are increasingly at risk, particularly for smaller companies and community transport operators and difficult decisions will have to be made in the coming weeks and months over the future of some services. Whilst evidence from CCN members show that urban routes are also affected, the rural areas that only receive one or two services per day will disproportionately feel the impact, further placing reliance on private transport and excluding those that do not have access to a car.

### *Longer term impact*

The longer-term impacts of the pandemic on rural bus services remain to be seen. In their submission, the Rural Services Network notes that a strategic fall in demand across the industry of about 20% has been widely forecast in the medium term which would represent the final straw for most rural public transport.

In their evidence, Bus Users UK notes that much will depend on the state of local economies and high streets, local authority finances and priorities. There will also be attitudinal factors that may mean people are less willing to travel on public transport until a vaccine has been fully rolled out.

CCN recently published a new report by Grant Thornton Place-based growth: How counties can drive growth post COVID[7]. The report identified that even in the space of a few months, the way in which we live, work and play has dramatically changed. The pandemic has caused a drastic shift in working patterns and consumer behaviours and has given communities an increasingly local perspective. The report also estimates that the marked decline in GVA output will be felt most in county areas, declining by 14.9% which is comparatively greater than London and core city averages at 13.3% and 13.9% respectively.



In collating evidence on the impact of Covid-19, one county council told CCN that the pandemic has led to a dramatic change in people's behaviour, with fewer car trips (traffic levels being down, in urban areas, to around 40% of their previous levels at the beginning of lockdown and now down to around 70% of previous levels) and a significant increase in cycling and pedestrian activity.

This is an opportunity to assess future travel needs, particularly around commuting, as many people have been enabled to adopt smart-working practices and employers are looking to reduce costs. This will drive the need to re-imagine and reinvent large urban centres, as retail and employment models shift.

When things start to return to some form of normality, things will undoubtedly be different, but it will still be important that communities are connected to each other and can access education and economic centres – particularly those that do not have access to a car. Rural public transport will remain vital to achieving this, particularly in light of the levelling-up agenda.

There is perhaps also a wider cultural shift that is necessary to encourage people out of their cars and into public transport as we increase our efforts to reduce carbon emissions and plan for a more sustainable future.

In evidence provided to CCN on the impact of Covid-19, Norfolk County Council outlined that this is a 'once in a lifetime' chance to drive behavioural change, to support a green recovery and enhance quality of life. To make the most of this opportunity the council were planning to:

- Explore the creation of an Active Travel Fund that businesses and local communities can bid to, to support their own active travel plans.
- Review place-based transport strategies, including the county's Local Transport Plan, in light of the pandemic.

As part of wider steps to support councils to reduce carbon emissions and enable a green recovery, the National Bus Strategy should consider how to support councils, and capitalise on new commuting patterns as a new normal emerges.



*A bus designed to accommodate 35 passengers could now only carry between 7 and 10 passengers. This may be adequate in some areas, but as many rural bus routes are designed around schools, these need to be filled in order to be cost-effective for both the local authority and the transport provider.*





## 6 Recommendations & conclusions



*Alongside setting out the steps government needs to take to address the underfunding of county bus services, we now draw on the evidence provided on levers and powers submitted as part of the call for evidence and provide recommendations.*



To arrive at the recommendations to reverse the decline of county bus services our inquiry asked respondents to set out the levers and powers that would make the biggest difference to the provision of bus services in county and rural areas.

Alongside setting out the steps government needs to take to address the underfunding of county bus services, we now draw on the evidence provided on levers and powers submitted as part of the call for evidence and provide recommendations. The key conduit for delivering these recommendations will be the National Buses Strategy.

### ***Sustainable & Fair Funding***

Years of austerity measures have meant that local authorities have had to make difficult decisions over the non-statutory services they are able to support, and cuts to Bus Service Operators Grant means many operators have focused on more viable and profitable routes. We also know that the cost of the concessionary fares scheme has increased, and with an ageing population this cost will continue to rise. Evidence shows that, without greater financial support, county authorities will have no choice but to continue to reduce local services.

It is therefore unsurprising that the one clear call that came from the evidence, particularly CCN members, was a call for a guaranteed long-term funding stream for county bus services – one that recognises the additional costs and challenges of operating in these areas. This is even more the case in light of the Covid-19 pandemic. Calls have also been made for certainty over the future of BSOG, as this would provide confidence to bus operators and allow them to plan for the future with certainty over the rates they would receive.

Whilst funding streams such as the Rural Mobility Fund have been welcomed by councils, these often have a narrow focus in terms of outcomes, bidding takes a lot of officer time, and there is little certainty over whether any funding will be received. A long-term, flexible, funding package would allow authorities, operators and communities to work together and prepare strategies on how they will deliver bus services across their areas.

As part of the National Bus Strategy, the government should:

### Recommendation 1

Provide adequate long-term funding for county bus services to transport authorities that recognises the challenges of running these services. This should include clarification over the future of the Bus Service Operators Grant to provide confidence and long-term reassurance to operators.

### Recommendation 2

Review the concessionary travel bus pass scheme in consultation with operators and local authorities.

### *Supporting a range of passenger transport in counties*

The National Bus Strategy must ensure that it considers and enhances bus services up and down the country, across urban and rural areas. Evidence received through the inquiry has shown that it's not just traditional bus services that make up the public transport offer, particularly in rural areas, and therefore the strategy must make sure that all forms of passenger transport, from traditional bus services to community transport and demand responsive transport are considered and supported through the strategy.

### Recommendation 3

Give consideration to the provision of the range of passenger transport services across the country, and the positive benefits that they can bring to residents, particularly in more deprived and rural parts of the country. Consideration should also be given to the extent to which an improved public transport offer could assist in levelling-up the country.



*A long-term, flexible, funding package would allow authorities, operators and communities to work together and prepare strategies on how they will deliver bus services across their areas.*



*Evidence to this inquiry showed that investing in buses could help reduce.....*



**Car congestion**



**Air pollution**



**Social isolation**



*Whilst authorities have some autonomy granted to them through regulations, further devolution of powers and funding would allow them to have more control over bus services and routes across their areas.*

## **Devolution and partnership working**

A long-term funding solution and support for a range of passenger transport would enable authorities, operators and communities to prepare a strategic vision for bus services in their areas. Whilst authorities have some autonomy granted to them through regulations, further devolution of powers and funding would allow them to have more control over bus services and routes across their areas.

The 2017 Bus Services Act introduced new powers for local authorities with elected mayors to take control of their local bus services through franchising powers. The submissions received through the call for evidence were mixed concerning devolution of franchising powers – with some calling for the powers to be extended to areas without mayors and others citing that they wouldn't use such powers if they were available.

Cornwall Council is the only area without a mayor that currently has franchising powers, which it received through its devolution deal with government. It is noted that, although they have yet to use these powers, it is a useful tool that they could use to improve services if they felt necessary.

### **Recommendation 4**

Encourage a partnership approach between local authorities, bus operators and community groups developing bus services and routes and other passenger transport. As part of future devolution deals, allow local transport authorities to take on bus franchising powers, where there is a desire. This would match powers already offered to Mayoral Combined Authority areas and would allow a partnership approach to developing services between the local authority and operators.

### **Recommendation 5**

Amend regulations in the 2017 Bus Services Act to allow local authorities, where better value could be achieved, to run their own bus companies to implement new routes where demand is not being met by the private sector.

## Recommendation 6

Devolve Bus Service Operators Grant to local authorities, allowing them to work in partnership with operators to ensure that it is spent where it is needed most.

### ***Community and voluntary sector***

The inquiry has shown that the community and voluntary sector provide extremely valuable services to residents that complement and fill gaps in the service of private operators. These services should be continued, but not seen as an alternative to traditional bus services.

## Recommendation 7

Recognise the value that community and voluntary services play, and make provisions to ensure their financial sustainability to allow them to keep running, and to introduce new schemes and routes where needed.

### ***Planning and climate change***

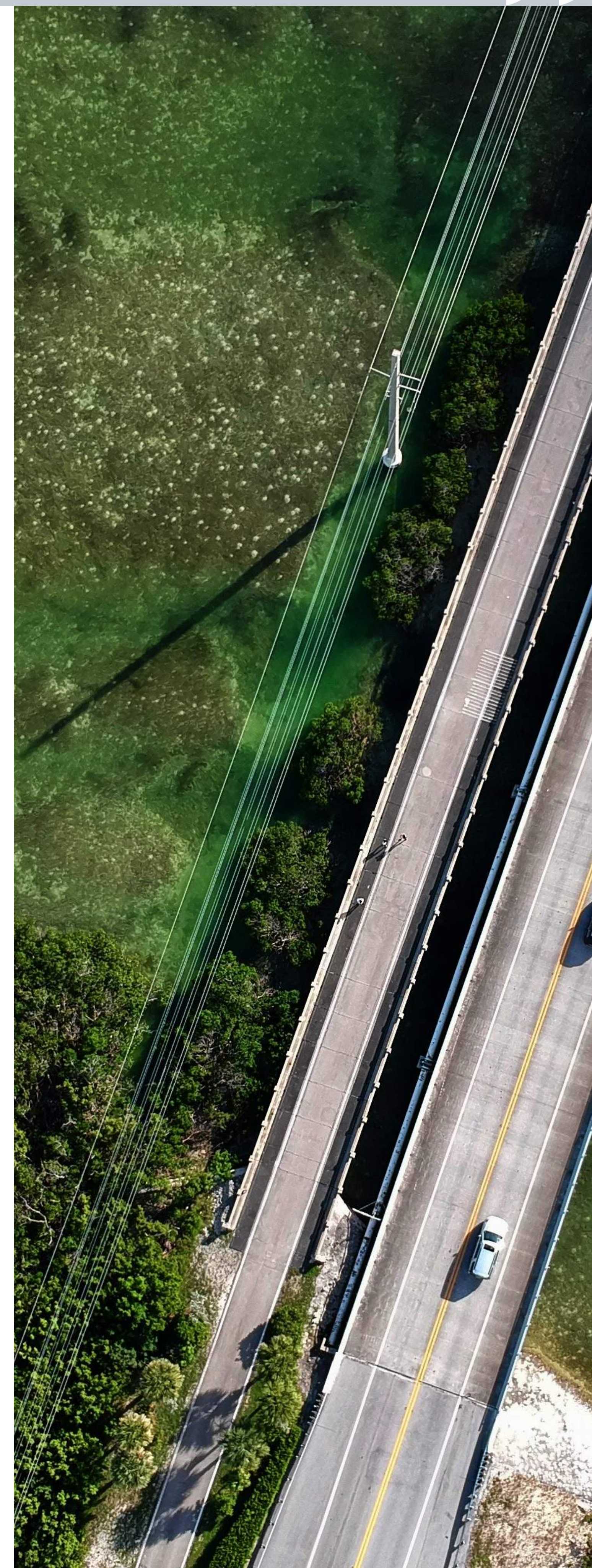
The planning system has a strong role to play in the location of new development, and ensure it is sustainable and served by public transport.

Planning authorities must work with operators and developers to ensure that this is embedded within the system through local plans and as applications progress through the system.

Providing a user responsive bus service could encourage more residents to rely less on their cars in favour of public transport. However, investment in fleets and infrastructure are also necessary to help improve air quality and achieve net zero carbon emissions before 2050.



*The inquiry has shown that the community and voluntary sector provide extremely valuable services to residents that complement and fill gaps in the service of private operators.*



We therefore recommend that the National Bus Strategy:

*The planning system has a strong role to play in the location of new development, and ensure that new development is sustainable and served by public transport...*

**£64 billion** in goods and services created by bus users, according to Greener Journeys

A **10%** improvement in access to bus services would mean 50,000 more people in work according to Go South East

## Recommendation 8

Make bus operators statutory consultees during the local plan process to ensure that bus provision to and from new development is considered as early as possible. This will assist local authorities in any negotiations for legal agreements and contributions when sites come forward. This will also provide opportunities for building active travel into masterplans that integrate with public transport for longer journeys.

## Recommendation 9

Encourage bus operators to work with local authorities to optimise routes and timetables allowing for services that integrate with other bus routes and rail services, making public transport a more attractive option.

## Recommendation 10

Include a strategy and investment plan for the role out of low-emission vehicles and/or for the electrification of bus fleets, alongside associated infrastructure.



# Conclusions



As the evidence that has been received through this inquiry has shown, bus services across the country are vital to supporting the social mobility of residents in rural areas, providing access to education, skills training and jobs; to shops and services; and to social connections which in turn helps to support local economies and businesses.



Bus services were already in decline, but following the Covid-19 pandemic it will be more important than ever to help bus operators get back on a firm footing, recognising that running services is going to cost more as social distancing measures remain in place, meaning that services can carry less passengers.



Whilst there will be an undeniable shift in work and commuting patterns, bus services will continue to play a hugely important role in rural areas and will be vital in supporting the ambitions of the levelling-up agenda, as well as helping to tackle climate change.



The APPG and CCN believe the recommendations set out in this report would help to change rural bus services for the better, and ensure that all communities have access to reliable bus services for many years to come.

# Appendix 1

This section sets out key assumptions that were used in the analysis.

## ‘Government support’ as a proxy for funding

LG Futures identified that it is not possible to estimate the level of funding that currently exists for bus services. This is because a large share of funding for bus services is allocated via the Settlement Funding Assessment (SFA).

Previously, this was allocated in the form of Formula Grant; this was subsequently rolled into SFA in 2013/14. While the Formula Grant included funding for ‘public transport support for buses’, it is not possible to identify the share of an authority’s assessed needs (and therefore funding) that was attributable to this service. Instead, LG Futures based this analysis on ‘central and local government support for bus services’, using the same definition as the Department for Transport (DfT) in its Annual Bus Statistics reports.<sup>2</sup> This includes a combination of net expenditure on bus services and grant funding.

Specifically, DfT’s measure of support for bus services includes:

- **Net public transport support** – net expenditure that appears in the Revenue Outturn forms under the line ‘Support to operators – bus services’.
- **Bus Service Operators Grant (BSOG)** – a grant paid by central government to local authorities and commercial operators.<sup>1</sup>
- **Concessionary travel** – net expenditure on statutory and discretionary concessionary fares, as published in the Revenue Outturn forms, but excluding certain services (e.g. the London Underground).

Government support for buses is therefore not only a measurement of funding (BSOG), but also net expenditure. It is necessary to assume that net expenditure is a suitable proxy for need-to-spend on bus services, and that reductions in local authority expenditure will reflect underlying reductions in funding.

## Treatment of BSOG funding

DfT’s measure of government support for buses assumes that authorities’ reported expenditure is net of BSOG funding. This avoids double counting this funding as both income and expenditure. However, this assumption is inconsistent with MHCLG’s guidance in the Revenue Outturn forms, from which the expenditure data is sourced. The guidance specifies that grant income should not be netted off expenditure related to highways and transport.

It is therefore possible that DfT could be double counting BSOG funding in its measurement of government support for local buses. LG Futures was unable to rule this out, following correspondence with DfT statistical officers and through a review of available expenditure and grant data.

## Apportioning grants and expenditure to individual authorities

The third set of assumptions relate to how BSOG funding and concessionary travel expenditure is apportioned to the local authority level. A limitation of DfT’s figures is that they are only published at the national level.

Only the component ‘net public transport support’ is available at the local authority level. For the other two components – concessionary travel and BSOG – it was necessary to make assumptions to apportion these to the individual authority level, and hence to calculate the total for CCN authorities.

Given these assumptions, the values presented in this report should be considered as **estimates** only. The assumptions used to apportion expenditure/funding to the local authority level, for concessionary travel and BSOG.

### **(i) Apportioning concessionary travel**

DfT's measurement of government support includes concessionary travel. The national totals published by DfT exclude certain elements, including the London Underground, Mersey Ferries and Rail, and West Yorkshire PTE Rail and Light Rail Systems.

To estimate these values at the local authority level, LG Futures used the figures published for individual authorities and combined authorities in the Revenue Outturn form.

The Revenue Outturn figures were scaled to the totals published by DfT. The totals published by DfT related to (1) London, (2) 'metropolitan areas', a grouping of six combined authorities, and (3) all other local authorities in England. In other words, expenditure for individual authorities or combined authorities (as published in the Revenue Outturn) was scaled at one of three different rates, depending on which of these groups they belong to.

### **(ii) Apportioning Bus Service Operators Grant (BSOG)**

BSOG is a subsidy provided by central government to operators of local bus services.

As part of its measurement of government support for buses, DfT only published BSOG totals at the national level. It also publishes totals for the three major groups (London, 'metropolitan areas' and non-metropolitan areas), but these are estimated by distributing the national total based on reported bus mileage.

LG Futures has further apportioned these group totals to the individual authority level using a similar method to DfT. This was based on bus mileage for each individual authority in 2018/19 (the only year for which data was available).

Given these assumptions, estimates of BSOG at the local authority level are likely to be the least robust of the three components of government support discussed here.

### **Durham and Northumberland**

An additional step was required to estimate expenditure on net public transport support for Durham and Northumberland (both CCN members).

These authorities are now part of 'The Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority'.

DfT reported expenditure on 'net public transport support' for Durham, Northumberland and the combined authority, for each year from 2009/10 and 2018/19. It is unclear how much expenditure, if any, was being carried out by the combined authority on behalf of Durham and Northumberland.

To ensure consistency, LG Futures aggregated all the expenditure of the combined authority and its members in each year. The total expenditure was then distributed to each member authority based on its relative population size. Durham and Northumberland are the only CCN authorities for whom these estimates were necessary.



# Footnotes

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