



# Facts About Buses and The Myths They Challenge

A document from Confederation on Passenger Transport (CPT) Scotland

April 2022

A selection of facts, figures and explanations collated by [Confederation of Passenger Transport](#) (CPT) Scotland to challenge misleading narratives regarding the bus industry in Scotland. The purpose of this document is to provide evidence-based context to inform discussions on the future of the bus sector.

## FACT 1

The deregulation of buses is not the main cause of decline in bus use.

## FACT 2

Tackling congestion is the main way to keep fares down without taxpayer support

## FACT 3

Government funding supports passengers, not bus operators

## FACT 4

Publicly owned buses pass on costs and risks to all taxpayers.

## FACT 5

Privately owned bus operators reinvest most profit back into the business to improve services.



## Facts About Buses and The Myths They Challenge

### **Fact 1- The deregulation of buses is not the main cause of decline in bus use.**

- **Bus use decline pre-dates deregulation and is linked to car ownership and congestion**
- **75% of the decline in bus passenger numbers can be attributed to factors outside of the operators' control**
- **Investment in bus priority to free bus from congestion is required to reverse the trend of decline.**

It is a false statement to say that the deregulation of buses caused bus use decline. Most of the people claiming this only use data from the mid-1980s onwards to support their case, yet they are only showing a small part of the larger picture. Bus patronage should be viewed over a wider time frame to better demonstrate that the decline of bus patronage started in the mid-1950s and is linked to the growth of car ownership and use, and subsequent congestion.

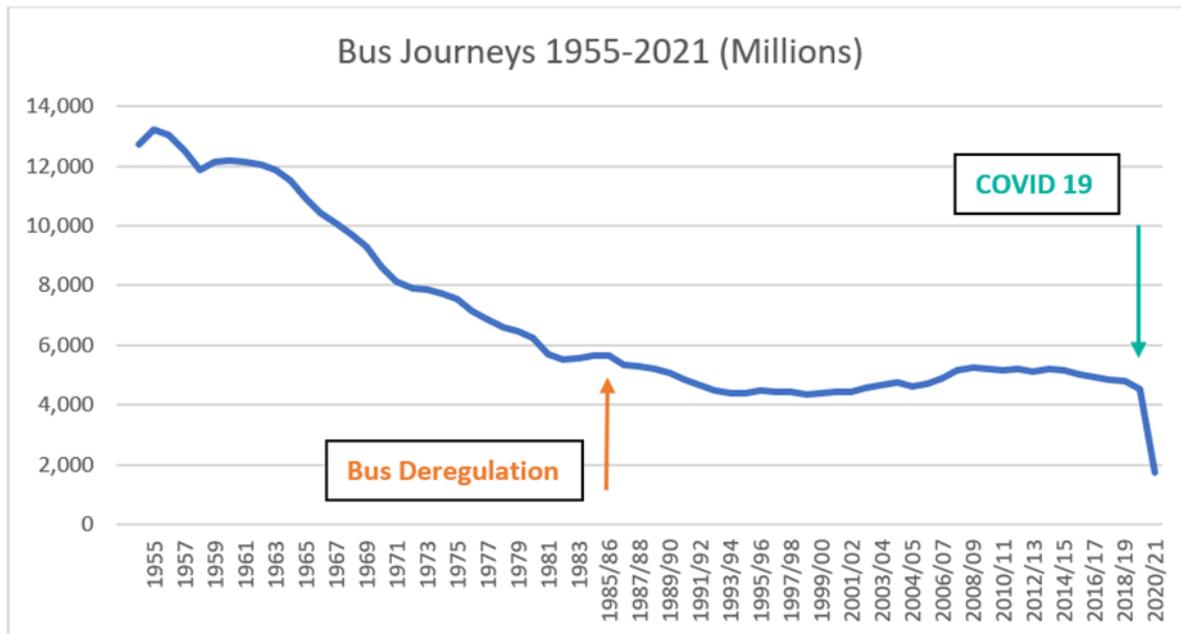
73% of all public transport journeys are made by bus.<sup>1</sup> However, as can be seen below, bus patronage fell dramatically from the mid-1950s right through to the 1980s.<sup>2</sup> This directly correlates with the increase in private motor vehicle ownership.<sup>3</sup> In fact statistics show us that the rate of decline in bus patronage actually slowed following the de-regulation of buses in 1986.

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<sup>1</sup> *Scottish Transport Statistics*, Transport Scotland, Accessed in Feb 2022  
<https://www.transport.gov.scot/media/49177/scottish-transport-statistics-2020-publication-final-version.pdf>

<sup>2</sup> *Local bus passenger journeys* Statistical data set-, UK Government, Accessed March 2022  
<https://www.gov.uk/government/statistical-data-sets/bus01-local-bus-passenger-journeys>

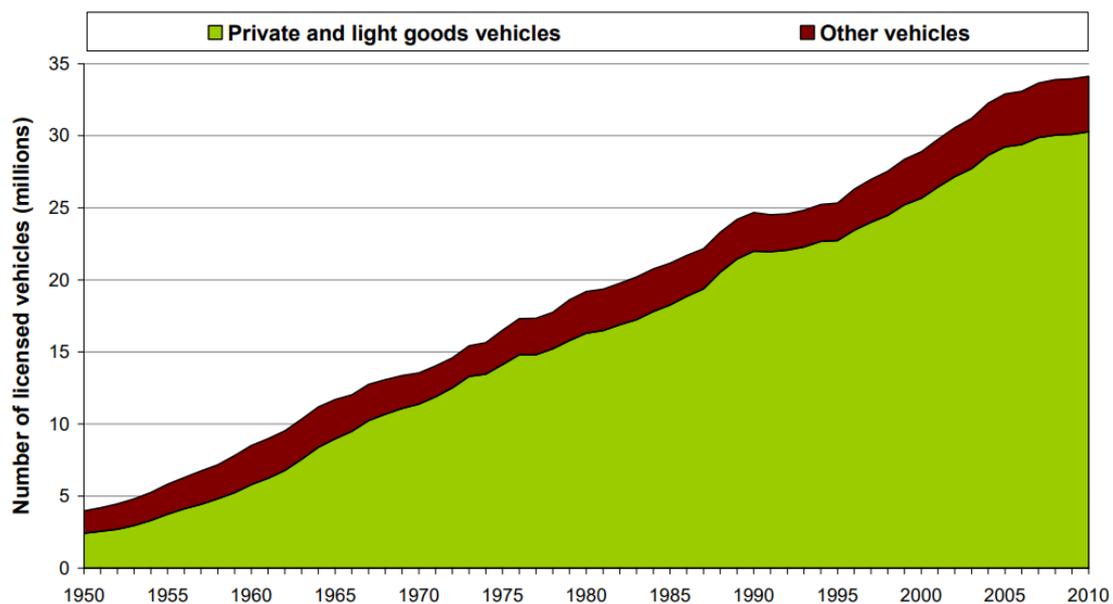
<sup>3</sup> *National Statistics: Vehicles*, UK Government, Accessed March 2022  
<https://www.gov.uk/government/statistics/tsgb-2011-vehicles#:~:text=Key%20points,2009%20and%200.5%25%20in%202010.>



Statistical Data Set, UK Government, 2021

### Number of licensed vehicles by tax class, 1950 to 2010

([Table TSGB0901](#), and by body type in [Table TSGB0903](#))



Furthermore, recent research examining Scottish bus patronage trends concluded that, despite bus industry efforts to boost passenger numbers and develop services, operators are being hampered by a range of factors including rising car use, congestion, changing shopping habits and reduced public sector investment. The



study found that 75% of the decline in bus passenger numbers can be attributed to factors outside of the operators' control.<sup>4</sup>

It is clear that patronage levels declined more with the corresponding increase in car use, not deregulation. To reverse this picture will require government to introduce car demand management and introduce bus prioritisation measures. By reducing car use and introducing bus prioritisation we reduce congestion, increase bus speed and reliability, and reduce fares. All of these things can be done today, with little ongoing cost to government, and will incentivise people to use buses.

## **Fact 2: Tackling congestion is the main way to keep fares down without taxpayer support**

- **The most effective way to reduce fares without increasing government support is to reduce congestion.**
- **Over the last 50 years, bus journey times have increased by almost 50%**
- **A reduction of 10% in bus speeds is estimated to result in a loss of between 9.6% and 14% in patronage**
- **Congestion will remain an issue regardless of who owns or operates the bus fleet.**

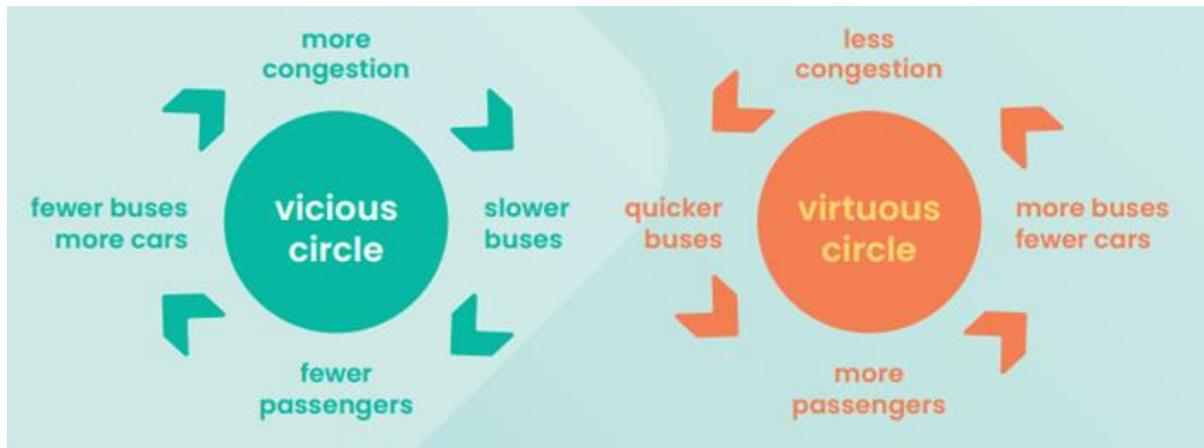
Every bus journey has a cost, regardless of ownership, and that cost must be met by someone. Fares can be subsidised by governments to keep prices down for users, but that cost must be met by taxpayers. One of the most effective ways to reduce fares without increasing government support, especially in our towns and cities, is to reduce congestion.

The increase in car ownership and car use has caused a significant increase in congestion on our streets. The more congestion there is, the more expensive it is for any bus operator as slower speeds mean the service is less reliable, which in turn increases costs because more buses are required to run the service. This in turn means it is more expensive for passengers. As reliability falls and prices rise, passenger numbers will drop. This can result in a 'circle of decline', with operators needing to increase fares and reduce more services as a result of lower patronage, which could increase congestion and lower bus speeds even further as more people take to their cars due to less affordable or available alternatives. To keep these declining services operating without tackling the congestion issue, government would have to

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<sup>4</sup> Trends in Scottish Bus Patronage, KPMG, 2017

constantly increase support for these services and that would cost all taxpayers progressively more.



Over the last 50 years, bus journey times have increased by almost 50% in the more congested urban areas.<sup>5</sup> The net result has been a significant decline in bus use from over 13 billion journeys a year in UK to less than 5 billion.

This shows a direct correlation between operating speeds and patronage: backed up by research which has shown that a reduction of 10% in bus speeds is estimated to result in a loss of between 9.6% and 14% in patronage.<sup>6</sup> This correlation can also be found in increases to fares as congestion rose.

It doesn't matter who owns the buses, there are shared challenges we need to address collectively and the only way to realistically reduce fares without significant increased day to day taxpayer contributions is by working together to reduce congestion in our towns and cities now.

<sup>5</sup> *The Impact Of Congestion On Bus Passengers*, Greener Journeys, 2016- accessed Feb 2022 <https://greenertransportsolutions.com/wp-content/uploads/2016/06/Prof-David-Begg-The-Impact-of-Congestion-on-Bus-Passengers-Digital-FINAL.pdf>

<sup>6</sup> *Intervention 10 – Reallocation of roadspace for buses*, STPR2, , Transport Scotland, accessed March 2022 <https://www.transport.gov.scot/media/49062/stpr2-phase-1-ast-project-10-bus-priority-3-feb-2021.pdf>



### Fact 3- Government funding supports passengers, not bus operators

- **The money that government invests in buses directly benefits passengers, not operators.**
- **Government funding helps keeps fares lower and supports the operation of a wider bus network**

It is misleading to say that the government subsidises the bus sector. It is an argument used by many who point out that private operators benefit directly from public money to make profit while users suffer (please see Fact 5). However, this is simply not true. The money that government invests in buses directly benefits passengers, not the operators.

Prior to the pandemic, in Scotland, the only ongoing government support invested in bus came in the form of [concessionary travel](#) reimbursement, [Bus Service Operators Grant](#) (BSOG) (Soon to be [Network Support Grant](#) (NSG)) and supported services for local authorities. All of which continue today. These tranches all have one thing in common- making fares cheaper for passengers and keeping less used routes operating. It is important to highlight that concessionary travel is a reimbursement payment made for carrying concessionary passengers and made on a “no better, no worse off” basis. Bus operators will benefit from higher patronage use through these schemes, but they do not directly benefit from this public funding, so saying operators get subsidised is not true.

There are two instances where public money does directly benefit operators, however, both are due to emergencies- the climate emergency and Covid-19 pandemic.

- Firstly, bus decarbonisation. To help reach very ambitious climate change targets the Scottish Government provides grants for bus operators to help decarbonise their fleets via the [Scottish Zero Emission Bus](#) (ScotZEB) challenge fund scheme. This scheme provides less than 40% towards cost of new zero emission bus, with operators making up the difference.
- Secondly Covid support. Since early 2020 bus operators in Scotland have been supported by the government's [Covid Support Grant](#) (CSG) which has allowed operators to keep most routes and services open when some patronage numbers fell to below 10% of pre covid figures. Without this support several operators would have had to cease, leaving many without bus services to access work and education across the county.



It is clear that bus operators, whilst benefiting from emergency government funding directly, do not benefit directly from ongoing government support. Instead, it is the passengers who benefit directly from free bus travel via concessions, and lower ticket prices/a more comprehensive network of services via BSOG/NSG. Without this ongoing support for passengers, fares would be higher and less routes would be available for the communities of Scotland.

#### **Fact 4- Publicly owned buses pass on costs and risks to all taxpayers.**

- **Publicly owned or franchised models cost the taxpayer more money than the deregulated model we operate in Scotland.**
- **Fares below covering cost of running service have to be subsidised by government**
- **This cost would have to be met by all taxpayers, regardless of bus use.**

Research has shown that publicly owned or franchised models in other countries costs the taxpayer more money than the deregulated model we operate in Scotland. For example in Scandinavian countries their municipal and franchise systems cost on average double per head in tax payer funding than in the UK, whilst fares remain mostly comparable.<sup>7</sup> In London, passengers using franchised TfL buses will benefit from over double the government public transport support per passenger journey than in other parts of the England.<sup>8</sup> Yet even with this increased taxpayer support London remains one of the worse cities in Europe for public transport affordability.<sup>9</sup> Every bus journey has a cost and that cost has to be met by someone. If fares offered to passengers cannot cover the cost of operating that journey; government will have to cover the rest of the cost. The cheaper the fare, the more the subsidy. The larger the subsidy the more all taxpayers will have to pay. It is important that taxpayers are aware that publicly owned buses will costs them more every year, whether they use buses or not.

<sup>7</sup> *The Scandinavian Way To Better Public Transport*, Transport Research Institute, Edinburgh Napier University, accessed March 2022, [https://www.urbantransportgroup.org/system/files/general-docs/UTG%20Scandinavian%20Transport%20Report\\_Final.pdf](https://www.urbantransportgroup.org/system/files/general-docs/UTG%20Scandinavian%20Transport%20Report_Final.pdf)

<sup>8</sup> *Bus Subsidy Per Passenger Journey*, UK Government, 2015, accessed March 2022 <https://www.gov.uk/government/publications/bus-subsidy-per-passenger-journey>

<sup>9</sup> *Benchmarking European cities*, Clean Cities Campaign, accessed March 2022 [https://cleancitiescampaign.org/wp-content/uploads/2022/02/Clean-Cities\\_-\\_City-Ranking-Rating-briefing-2.pdf](https://cleancitiescampaign.org/wp-content/uploads/2022/02/Clean-Cities_-_City-Ranking-Rating-briefing-2.pdf)



A recent scoping study for SPT has confirmed that it would cost between £4-15 million just to create a business case for franchising in Glasgow and municipal ownership in Glasgow would have upfront costs around £200 million.<sup>10</sup> It has been calculated that this would translate in a required contribution per council taxpayer ranging from £3.91 to £17.62 for developing the business case for franchising to an eye-watering £234.92 per council taxpayer for municipal ownership. This would equally not be a progressive way to pay for this cost as it could potentially increase council tax bills, on a one-off basis, by 27% at the lowest band and 7% at the highest band. And importantly this does not even include the likely yearly increases in council tax bills for everyone needed to deliver ongoing publicly owned buses on the streets. As we noted above, this will require higher contributions of public funding than right now, per passenger journey, for little benefit in return.

Publicly run ownership models can work and certainly do so around the world, but it is important to recognise the extra costs to all taxpayers associated with them, often with little benefit to the passengers, something proponents of public ownership often fail to highlight.

### **Fact 5: Privately owned bus operators reinvest most profits back into the business to improve services.**

- **Of every £1 spent on bus fares less than 1p goes to dividends.**
- **Over 90% of profit is reinvested in the business and service improvements for passengers.**
- **Profits are a key part of how improvements for passengers are funded, no matter who owns the operator.**
- **Bus operators have not made any profits since early 2020 due to Covid**

The assertion that private bus operators make large amounts of profits and most of that goes to shareholders, rather than back to the people who use the services, is simply not true. Prior to the pandemic, on average, bus operators made less than 7% profit. Out of that profit, on average, less than 10% went to dividends.<sup>11</sup> This means that for every £1 spent on a bus ticket, less than 1p of it went to dividends. On average, 90% of profit funds investment in new greener fleets, payment of taxes to government

<sup>10</sup> *Bus Scoping Study- Options Assessment Study Glasgow- Final Report*, Systra, accessed Feb 2022 <https://www.spt.co.uk/media/hmybrt5l/bus-scoping-study-final-report-january-2022.pdf>

<sup>11</sup> *Understanding Buses*, Chris Cheek, 2019, <https://www.amazon.co.uk/Understanding-Buses-Chris-Cheek/dp/1898758166>



to pay for public services, debt payments (paying off improvements to infrastructure including depots) and investment in staff. Profits are a key part of how improvements for passengers are funded, without it bus fleets would age and innovation (adopting new technologies) would be stifled. The alternative is increased taxes on all households as investment will have to come from somewhere.

It is also important to highlight that since the pandemic began bus operators have made no profit. Since early 2020 bus operators in Scotland have been supported by the governments [Covid Support Grant](#) (CSG) which has allowed operators to keep most routes and services open when some patronage numbers fell to below 10% of pre-covid figures in some cases. Without this support several operators would have had to cease, leaving many without bus provision to access vital services, work and education across the county. CSG covered the gap between reduced revenue and operational costs. This means that since early 2020 bus operators have not recorded profits or taken other steps to mitigate for increasing costs. Despite this, the sector has invested over £71m in that period on zero emission buses, demonstrating a willingness to improve services and meet government's net zero ambitions even while facing the most challenging operating environment in a generation.

## Further Information

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