



## **Transport Committee: Buses Connecting Communities Inquiry Response by the Confederation of Passenger Transport (CPT)**

### **About CPT**

We help a dynamic bus and coach industry to provide better journeys for all, creating greener communities and delivering economic growth.

We do this by representing around 800 members from across the industry be they large or small, bus or coach, operator or supplier. We use our influence to campaign for a supportive policy environment, give our members practical advice and support to run their businesses safely, compliantly and efficiently and bring the industry together to share ideas and best practise. We are ambitious to make things better for passengers, inclusive in seeking out different perspectives and we are always there when our members need us.

### **Executive Summary**

We thank the Transport Committee for providing us with the opportunity to respond to this Inquiry.

Buses are the UK's most popular form of public transport, carrying 11 million passengers a day. They are vital to the economy, enabling people to earn, learn and spend in local communities.

The bus sector is well placed to help the Government deliver on key priorities such as economic growth, breaking down barriers to opportunity by connecting communities, improving air quality and health and achieving net zero carbon targets.

Investment in buses is good value for money; every pound invested in local buses brings £4.55 of benefits to the environment, the health of the nation, and to communities. Approximately half of the benefits go to bus users and half to the wider community through decongestion, safety, and clean air benefits, as well as wider economic and social benefits relating to access to employment, education, and volunteering. These externalities provide a strong economic case for government investment in bus services – a case recognised in most other European countries where, typically, less than 50% of the cost of bus provision is covered by fares,<sup>1</sup> compared to nearly two-thirds of the cost in England outside London.<sup>2</sup>

The need for government investment in buses is particularly strong in rural areas; population densities are much lower than in urban areas – for example Cornwall has c.161 people per square kilometre, and Rutland c.108 people per square kilometre, compared to London at 5,700 and Manchester at 4,920 people per square kilometre,

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<sup>1</sup> UTIP (2015) *A Common metric for public transport coverage rate?*, Report

<sup>2</sup> Outside London, 62% of the cost of bus services comes from fares. Sources: Bus stats tables Bus05ai, Bus05bi, Bus04ei



Portsmouth at c.5150 and Leicester at c.5027 people per square kilometre<sup>3</sup> - and this means that demand, and potential demand, for bus services is much lower in rural areas, making it considerably harder to cover the costs of bus services through fares. This is compounded by the fact that the cost of delivering bus services is often higher in rural areas compared to urban areas.<sup>4</sup>

Until 2010 the cost of rural services that could not be delivered solely through farebox revenue was largely met by Local Transport Authorities (LTAs) using un-hypothecated funding. However, between 2010 and 2020 local authorities' financial support for bus services declined by 45%,<sup>5</sup> leading to a 60% reduction in supported services in rural areas (against a small increase - 5% - in commercial bus mileage).<sup>6</sup>

Any attempts to improve rural connectivity need to recognise these challenges. The allocation of £1.2 billion funding to local transport authorities to deliver bus improvements in 2021 was a positive first step in driving improvements in bus services and has enabled some LTAs to increase their supported service bus provision. However, this funding needs to be widespread and longer term to enable real and sustainable improvements in rural connectivity.

Bus operators share the goal of delivering frequent, reliable and affordable buses. However, neither greater local authority control of bus services nor innovations such as Demand Responsive Transport (DRT) will deliver the improvements that rural communities need without the associated funding.

## CPT Responses to the Committee's Terms of Reference

### **a. How the Government's proposed reforms of powers over buses in England, and recently announced funding, should take into account the particular challenges of rural areas and local authorities outside major cities, and how authorities in these areas can make best use of those powers and funding.**

Different regulatory models will work in different parts of the country. Whilst franchising might be the right choice for some Mayoral Combined Authorities that have a high population density, a number of different modes of public transport that can be usefully integrated, and revenue-raising powers, it is less likely to be the right model for running bus services in LTAs outside of major cities.

Franchising is not a silver bullet and some areas may choose regulatory models that build on the success of commercial bus services which are flourishing in large parts of

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<sup>3</sup> Figures from population census 2021, <https://www.ons.gov.uk/census/maps/choropleth/population/population-density/population-density/persons-per-square-kilometre?lad=E06000017>

<sup>4</sup> CPT Cost Monitor shows that the gross unit cost per bus hour in February 2024 was slightly above the English average in English Shires and below the average in the English Metropolitan areas. Confederation of Passenger Transport (July 2024) *Bus Industry Costs in February 2024*

<sup>5</sup> <https://www.gov.uk/government/statistical-data-sets/bus-statistics-data-tables#local-bus-vehicle-distance-travelled-bus02>

<sup>6</sup> <https://www.gov.uk/government/statistical-data-sets/bus-statistics-data-tables#local-bus-vehicle-distance-travelled-bus02>



the country. What matters to passengers and what will really make a difference to their bus services are actions to ensure buses are quick, reliable, and going where people want to go and when. In cities and towns that means putting bus first on the road network to improve bus speeds. In more rural areas it means identifying and investing in bus services which meet community needs and improve accessibility. Adequate funding is required through this year's spending review to deliver this.

Local authorities outside of major cities will achieve better outcomes for bus passengers in their area by working in partnership with expert commercial operators to determine the needs of the local community and the most effective way to deliver this, leveraging private sector investment that can bolster local authority resources through pro-bus policies. There are examples of where such partnership working has had hugely positive results for bus passengers in areas outside of major cities:

- In Oxfordshire, collaborative efforts have enabled significant fleet electrification, with £43.7m invested by bus companies in electric vehicles in return for commitments by the LTA to deliver a package of bus priority measures.
- Leicester has demonstrated the benefits of pro-bus policies, including parking reforms and bus priority measures, which have encouraged private sector investment and resulted in a cleaner, more reliable service.
- In Portsmouth bus priority measures and improved bus stop infrastructure have been matched with turn up and go bus services, and seed funding has been provided for new/additional services that are expected to become commercial over time, ensuring sustainable growth. As a result of improvements, in the year ending March 2024 journeys in Portsmouth grew by 17%. Building on this, £12.5m government funding was coupled with £15.9m from FirstBus, leading to the rollout of 62 zero emission vehicles across Portsmouth, Gosport and Hampshire.
- In Hampshire, the Eclipse dedicated busway has been built on a disused railway track bed, eliminating the impact of traffic congestion and reducing journey times on the commercially run services by 25%, resulting in a 60% increase in passenger numbers in the first year of operation. High quality bus stops, CCTV and real time information was matched by the operator with a new high quality bus fleet that has been replaced every five years, with zero emissions vehicles introduced in 2024. Investment has been maintained by the operator in technology, infrastructure and vehicles to sustain growth for a ten-year period. Eclipse runs on an innovative profit-sharing arrangement. Provided that consistent and reduced journey times are achieved and passenger growth maintained, the operator annually reinvests a proportion of route profits into local authority facilities, ensuring ongoing investment in the service while maintaining its efficiency and reliability.



For those LTAs that do opt for franchising, there is more than one model. There are options for how an authority might deal with network planning, tenders, depots, vehicles, retailing and support systems, as well as the geographical extent of the franchised system which could be as little as one route or the entire area, all with different options for ownership, revenue risk and incentives. Clearly articulating this to local authorities can help them take decisions which suit local circumstances, delivering better bus services for passengers and supporting the delivery of the Government's missions and objectives.

The industry is also not confident that SMEs will be able to survive what, to date, have been very complex, time-consuming and expensive tendering processes in areas moving to a franchised model. In order to make sure that the local knowledge and expertise of SME bus operators is not lost, it is crucial that franchising authorities review the potential impact on SME operators and set out a plan to secure their effective participation in the process. This could include some smaller lots and/or tendering models such as sub-contracting.

We understand the Government's desire for greater local control of bus funding. Nonetheless, not all local authorities will want, or will have the capacity, capability and proven track record to effectively control bus funding and use it to drive positive outcomes for bus passengers. Funding should not be devolved to those areas.

Where authorities do take devolved funding and powers the funding should be ringfenced for bus and the authority should commit to pro-bus policies including investing transport capital expenditure in bus priority measures in a timely fashion and supporting socially and economically necessary services. Nationally set targets for bus speeds and a duty on local authorities to deliver socially necessary services would incentivise authorities to do this.

We support the Government's ambition to minimise cuts to lifeline bus services in areas where commercial bus services are harder to deliver and welcome the inclusion of a requirement for LTAs to identify socially necessary services in their area and to consider alternative ways to deliver them before they are altered or cancelled. However, without funding to deliver such services, LTAs will have no choice but to accept the loss of such services when they are no longer viable commercially.

The Government should monitor delivery of bus outcomes across local transport areas on key performance indicators. We have produced a proposed set of 10 indicators for DfT to monitor improvements in bus services which reflect what we know to be the factors that matter most to both existing and potential bus passengers; network availability, bus speeds, punctuality, reliability, waiting time, personal safety, value for money, access to a bus service, zero emission fleet and passenger growth. Where performance falls below an acceptable standard it should ultimately result in the withdrawal of the right to devolved funding and powers if performance does not improve.

## **b. The effectiveness of recent Government policy in tackling declines in bus services**

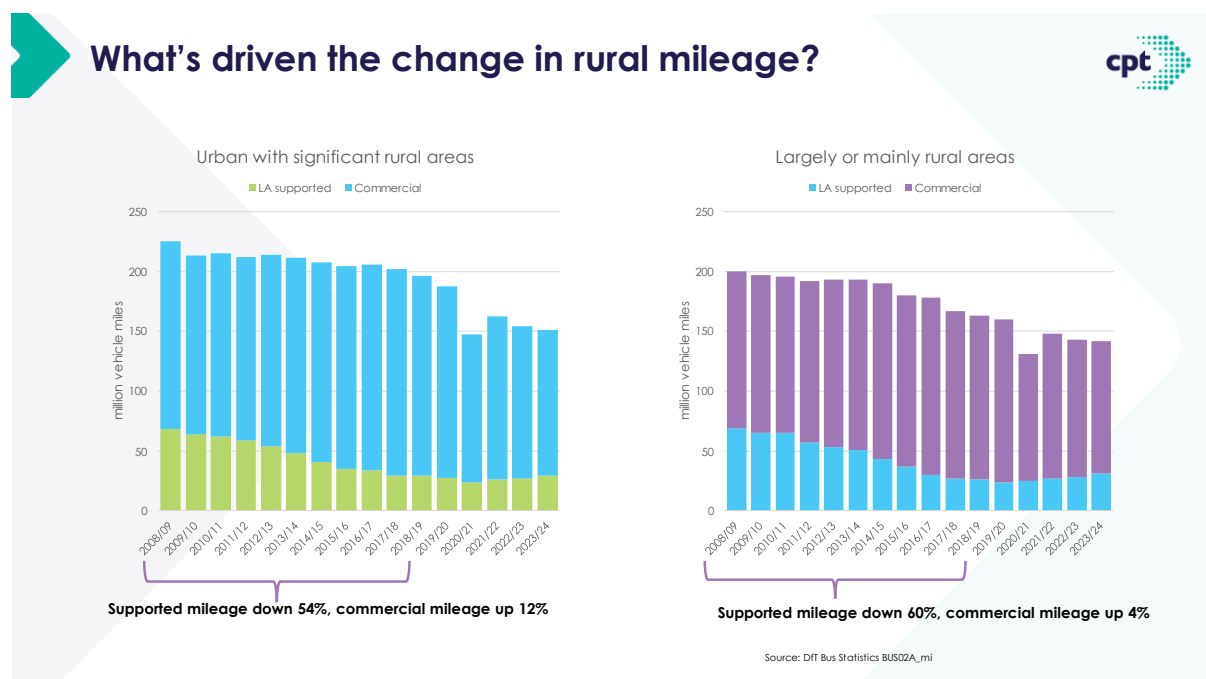
The publication of the National Bus Strategy *Bus Back Better* in March 2021 marked a reversal of years of relative neglect by government, with politicians failing to



appreciate the true value that buses bring to the economy, communities and the environment.

Between 2010 and 2020 local authorities' financial support for bus services declined by 45%,<sup>7</sup> leading to the number of supported bus services more than halving in the same period. This was particularly felt in areas outside of the major cities.

Whilst total commercial mileage run in Britain also reduced over this period, there was actually a small increase in rural areas (5%) against a backdrop of significant cuts – 60% – in local authority supported services.<sup>8</sup>



The allocation of £1.2bn funding to local transport authorities to deliver bus improvements in 2021 was also a positive first step in driving improvements in bus services. However, there was a lack of clarity around what schemes authorities should fund and a lack of rigorous monitoring of outcomes, meaning many local authorities have struggled to spend their allocated funding on the most effective schemes.

As discussed for question (a), local authorities need to be held to account for how they spend public money allocated for buses and demonstrate positive outcomes for passengers. The requirement in the Bus Services Bill for local transport authorities to identify and monitor socially necessary bus services is welcome, but the Government needs to ensure it has sufficient teeth, and funding, to really deliver. A target for bus speeds would also provide incentives for local authorities to invest wisely and adopt pro bus policies, and give them a mandate to take pro bus decisions that might be

<sup>7</sup> <https://www.gov.uk/government/statistical-data-sets/bus-statistics-data-tables#local-bus-vehicle-distance-travelled-bus02>

<sup>8</sup> <https://www.gov.uk/government/statistical-data-sets/bus-statistics-data-tables#local-bus-vehicle-distance-travelled-bus02>



difficult if they clash with the pro car lobby. At present, bus investment routinely loses out in the face of competing, statutory priorities. As for socially necessary services, this incentive needs to be backed with funding if we are to avoid seeing a continuation of the decline shown in the graphs above.

**c. How effectively bus services function as part of integrated multi-modal networks that improve mobility for people who live in areas with declining services.**

Buses are a key part of any integrated multi-modal transport network. Not all journeys can be made by active travel modes and good pedestrian and cycle access is essential to enable and encourage people to safely and confidently use buses.

Buses are a flexible solution to transport needs – they can be put in place quickly and easily adapted as travel patterns change; they do not require the level of infrastructure needed for modes such as trams/light rail.

With regards to ticketing, the Competition and Market Authority's block exemption allows multi-operator public transport ticketing schemes of certain types, and there are a number of integrated multi-modal ticketing schemes already in operation, for example:

- [PlusBus](#) is a discount price ticket for unlimited bus and tram travel that passengers can add to their train ticket. Tickets start from £2.50 a day and allow unlimited travel all day, including during peak periods. It is available in over 200 rail-served towns and cities across Britain.
- [KeyGo](#) can be added to a Southern Railway Key Smartcard and used for Pay as You Go Journeys on most Southern, Gatwick Express, Thameslink and Great Northern train services as well as Brighton and Hove Buses and Metrobus services in the KeyGo bus zones.
- [Network One tickets](#) allow travel on all local buses in Tyne & Wear, regardless of bus operator, plus travel on the Tyne & Wear Metro, Shields Ferry, and Northern Rail services between Sunderland, Newcastle and Blaydon.
- [Robin Hood multi-operator tickets](#) in Nottingham allow travel on local bus, tram and train services.

CPT and its members are also committed to work that will integrate bus, rail and light rail ticketing systems (so a daily fare cap could in time be introduced anywhere in the country for people taking several trips per day). Currently bus operators are working collaboratively on [Project Coral](#) with West Midlands Combined Authority to procure the technology to enable contactless capped multi-operator bus ticketing that could be rolled out in any area that wants it across the country. It is anticipated that once multiple operator bus ticketing is achieved, the same technology will be extended to include other transport modes.

Enhancing the availability of multi-modal information, Traveline is a partnership of transport companies, local authorities and passenger groups which have come together to bring passengers routes and times for all travel in Britain by bus, rail, coach



and ferry. The homepage enables customers to plan journeys from door to door, showing the different options for travel. The service is also available by telephone.

In September 2020, the Portsmouth city region received just under £56 million from the Government's Transforming Cities Fund to improve connectivity and increase productivity via better walking, cycling and public transport links. Part of this investment is being used to deliver the next phase of South East Hampshire Rapid Transit - a network of rapid transit routes where bus has priority to provide reliable and regular bus journeys which will connect with rail and ferry services, creating an integrated transport system.

In Somerset, Bus Service Improvement Plan (BSIP) funding will be used to transform Taunton's former bus station site into a multi-modal hub that will offer a range of modern and sustainable transport options including bus, coach, and bike parking. It will also feature attractive public spaces, green areas, as well as links to the town centre and the River Tone.

Features proposed for the hub include:

- Six bus stops within the site, each with their own bus shelter. These are drive in, drive out bus stops and are considered safer than the previous drive in, reverse out bays.
- Two coach stops located nearby along Castle Way to better facilitate the interchange experience for passengers between the local bus network and the nationwide coach journeys.
- Five layover bays. This will provide local buses with a dedicated area for buses to be parked during layover periods. This will help prevent buses being parked around the town.
- Real time information to help passengers know when their next bus is due to arrive.
- Indoor waiting room with toilets.
- A changing places toilet facility with dedicated accessible parking bay.
- Pedestrianised area between the two buildings including some outdoor public realm seating and planting.
- Improved pedestrian crossings at the site entrance to help pedestrians safely cross.
- Bike parking.

The hub is due to be completed in mid-2025 and the Enhanced Partnership hopes to add more services to the site if more funding is secured.



**d. The social and economic impacts of poor connectivity on access to education, healthcare, employment, and social inclusion in communities, as well as on the economy of towns and villages.**

### **Connectivity**

For many, buses are the best way to access work, education, healthcare, and leisure activities. In this context it is important to note that in England:

- 44% of low income households have no access to a car<sup>9</sup>
- over 75% of job seekers do not have access to a car<sup>10</sup>
- disabled people are less likely to have a car available to their household than non-disabled people (52% compared to 77%)<sup>11</sup> – with no car available to over two and a half million disabled adults in England<sup>12</sup>
- in 2023, people on the lowest income bracket made 67 local bus trips on average, while those in the highest income bracket made the least bus journeys (an average of only 25)<sup>13</sup>
- younger people (aged 17 - 20) make more bus journeys than any other age demographic, and women rely on bus more than men in every age category.<sup>14</sup>

Compared to other modes of transport, bus services offer benefits to passengers including lower travel costs and improved connectivity. The scale of these benefits is significant, with KPMG suggesting that they amount to £8.7 billion per year across Britain, covering both affordability and connectivity benefits and impacts.<sup>15</sup>

Connectivity varies greatly across the country. In some areas – particularly rural and hard to reach locations – buses are the only alternative to car travel, providing lifeline services. In other areas, buses offer an affordable service compared to car or rail.

If the bus network was reduced, those with limited alternative options (including job seekers, low earners, women, disabled and young people), would have reduced access to employment, social and leisure opportunities. They could be forced to take a lower paid job or no longer enter the labour market and face reduced opportunities for social and leisure activities, leading to social isolation.

### **Employment and education**

As described above, recent research by KPMG shows that passengers benefit from improved connections including to jobs and education opportunities worth £8.7 billion

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<sup>9</sup> Department for Transport, National Travel Survey, NTS0703: Travel by vehicle availability, income, ethnic group, household type, mobility status and NS-SEC - GOV.UK (www.gov.uk), 2023

<sup>10</sup> Johnson, D., Makie, P., and Shires, J. 'Buses and the Economy II', Institute for Transport Studies, University of Leeds, 2014.

<sup>11</sup> [Car Travel | Transport Scotland](#)

<sup>12</sup> [Disability by car or van availability - Office for National Statistics](#)

<sup>13</sup> [Annual Bus Statistics – published Dec 24](#)

<sup>14</sup> Annual Bus Statistics – published Dec 24

<sup>15</sup> Economic Impact of Local Bus Services (2024) KPMG





a year. Bus is vital for ensuring people have access to education, with over a fifth of bus journeys being for this purpose alone.<sup>16</sup>

There is clearly a significant relationship between accessibility by bus and employment. Across Britain over 2.2 million commuters rely on buses to get to work and 22% of bus journeys are made by commuters<sup>17</sup>, contributing over £72 billion to the economy each year.<sup>1819</sup>

ITS Leeds research suggests that if bus journey times for commuters in England could be improved by 10%, this could enable 50,000 more people into employment. Conversely, 1 in 10 bus commuters would be forced to look for another job if they could no longer commute by bus.<sup>20</sup> If local bus services were unavailable, some workers would use other transport methods to reach their place of work, but this is not an option for everyone, and some may have to take less productive, lower paid jobs.

People who are currently unemployed and seeking work depend heavily on the bus for access to employment and three quarters of job seekers have no access to a car<sup>21</sup> and those who would be most heavily impacted by any reduction in bus services are younger people, females, job seekers, disabled, and those with lower skills – all groups of people who need to be protected from any cuts to bus services.

### **Breaking down barriers to opportunity**

More than 1 in 5 people in the UK (22%) were in poverty in 2021/22<sup>22</sup> (14.4 million people). With 44% of the low income households having no access to a car,<sup>23</sup> local bus services can help households to participate in society. Analysis conducted by KPMG and ITS Leeds has shown that after allowing for other factors that influence deprivation, a 10% improvement in local bus service connectivity in town and city neighbourhoods is associated with a 3.6% reduction in deprivation.<sup>24</sup>

Further, the impact of reduced deprivation due to connectivity improvements is more pronounced in more deprived neighbourhoods – for example the impact of reduced connectivity on employment deprivation specifically in the most deprived neighbourhoods is -2.7%, compared to -1.3% in the least deprived neighbourhoods;

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<sup>16</sup> Annual Bus Statistics – published Dec 24

<sup>17</sup> Annual Bus Statistics – published Dec 24

<sup>18</sup> Annual Bus Statistics – published Dec 24

<sup>19</sup> Economic Impact of Local Bus Services (2024) KPMG

<sup>20</sup> [Buses-and-the-Economy-II-Main-Report.pdf](#)

<sup>21</sup> Johnson, D., Makie, P., and Shires, J. 'Buses and the Economy II', Institute for Transport Studies, University of Leeds, 2014.

<sup>22</sup> [UK Poverty 2024: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation](#)

<sup>23</sup> Department for Transport, National Travel Survey, NTS0703: Travel by vehicle availability, income, ethnic group, household type, mobility status and NS-SEC - GOV.UK (www.gov.uk), 2023

<sup>24</sup> Greener Journeys, Greener Journeys: The Value of the Bus to Society - Community Transport Association Community Transport Association (cta.uk.org), October 2016



and income deprivation decreases 2.8%, compared to decreasing 1.6% in the least deprived areas.<sup>25</sup>

Investment in bus is important in all areas of the country, but this highlights the critical positive impact it can have on the most deprived communities and the role it can play in delivering the Government's mission to break down barriers to opportunity.

### **Rural communities**

Bus trips which begin in rural locations are often part of the social fabric of the community and generate benefits to passengers, other road users, and the wider community. The benefits to rural passengers from increased connectivity and more affordable travel amount to £1.6 billion a year and the wider societal benefits attributed to rural journeys from providing access for volunteers, improvements to health and wellbeing, and the fiscal impacts from access to healthcare and education, amount to £500 million per year.

Those trips originating in rural areas also generate benefits for the local economies served by those trips. This includes an estimated expenditure of £3.2 billion in retail outlets, £2.3 billion worth of spend on leisure and an additional £1.6 billion of spending by those commuting on goods and services. This totals £7.1 billion of spending in local economies each year from those beginning their trips in rural areas.

This highlights how important it is to ensure that rural communities are connected by reliable bus services to preserve and grow their local economies.

### **Driving local economies**

Bus passengers travelling for shopping spend £17.3 billion annually in their local economies, including on high streets and in shopping centres. Passengers travelling for leisure spend £12.9 billion on dining out and visiting local leisure facilities, while commuters spend £9 billion on lunch and shopping. This means £1 in every £10 spent on the high street is spent by a bus passenger, which enables sustainable growth in local economies.<sup>26</sup>

A proportion of these trips would not occur without the availability of bus services. For some, buses are the only means of accessing essential services. It is estimated that £9.2 billion<sup>27</sup> of the spending by shoppers, commuters, and leisure travellers would not occur within the local economy if bus services were unavailable. While this money might be spent elsewhere in the economy, such as online, this would not benefit the local economy or high streets in the same way.

### **Wider impacts on local communities**

Buses are often part of the social fabric of communities and provide benefits to the economy and society beyond helping people access education and better jobs. Consideration should be given to these wider societal benefits when policy decisions

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<sup>25</sup> [Microsoft Word - Greener Journeys - Value of Bus to Society v11.docx](#)

<sup>26</sup> Economic Impact of Local Bus Services (KPMG) 2024

<sup>27</sup> Economic Impact of Local Bus Services (KPMG) 2024



are being considered. Wider benefits to communities could amount to £2.8 billion per year including almost £1.2 billion in fiscal benefits from improved healthcare outcomes and over £1 billion in benefits accrued from providing access to volunteering opportunities.<sup>28</sup>

A UCL study<sup>29</sup> found that older adults who own concessionary bus passes are likely to report better quality of life and fewer depressive symptoms than peers who do not have the benefits of free bus travel. It found that older adults with bus passes were also more physically active and less socially isolated than counterparts without bus passes.

Ten million bus journeys every day have benefits for us all totalling £15.6 billion each year. As discussed earlier, this includes increased connectivity and access to jobs, but also benefits to other road users from reduced congestion and improved safety worth £600 million a year.<sup>30</sup>

### **Return on investment in bus services**

Government interventions should align with policy objectives and seek to maximise value for money. This needs to reflect that the impact of policies will vary across different markets and geographies. For example, urban areas are likely to benefit more from policies which reduce congestion and improve reliability for bus users, whereas rural areas are more likely to benefit from interventions which improve the number of services.

All government interventions (both revenue and capital) to invest in bus deliver high benefit cost ratios.<sup>31</sup> Approximately half of the benefits go to bus users and half to the wider community through decongestion, safety, and clean air benefits, as well as wider economic and social benefits relating to access to employment, education, and volunteering.

A package of investments which is 70% capital and 30% revenue could be expected to deliver economic benefits equal to £4.55 for each £1 invested, which represents

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<sup>28</sup> Economic Impact of Local Bus Services (KPMG) 2024

<sup>29</sup> UCL News (1 May 2019) <https://www.ucl.ac.uk/news/2019/may/bus-passes-linked-increased-happiness-older-adults>

<sup>30</sup> Economic Impact of Local Bus Services (KPMG) 2024

<sup>31</sup> BCRs for different Government interventions (reference KPMG Economic Impact of Local Bus Services 2024):

Revenue:

BSOG BCR of 2.5

Supported services BCR of 3.7

Concessionary travel BCR of 3.8

Capital:

Bus priority measures BCR of 5

Interchange/ mobility hubs BCR of 6.8



very high value for money, in line with the top 10% of DfT funded projects in 2019. Investment in buses is a cost effective way to deliver government policy.<sup>32</sup>

**e. The effectiveness of current funding models and governance structures in enabling local transport authorities and commercial operators to improve, sustain and keep bus services outside major metropolitan areas affordable, and the potential effectiveness of alternatives.**

The current funding models for bus services outside major metropolitan areas are characterised by complexity, inconsistency, and a lack of long-term strategic focus. While these models have delivered some localised successes, they are insufficient to meet the growing and diverse needs of operators, passengers, and communities. The predominant funding model relies on short-term, piecemeal allocations that prevent meaningful long-term planning and investment.

Currently, key funding mechanisms do not sufficiently encourage the delivery pro-bus policies, such as bus priority measures or congestion reduction strategies, and LTAs can often struggle to coordinate services effectively due to limited resources, expertise, and authority.

Enhanced Partnerships (EPs) are a valuable tool for fostering collaboration between LTAs and operators, but their effectiveness varies widely depending on the degree of capacity, ambition and political will. There are some examples of successful EPs delivering through joint buy-in and collaboration such as Leicester, Oxfordshire, Portsmouth and Hampshire, as discussed under question (a).

These examples illustrate that when LTAs and operators collaborate effectively they can achieve outcomes that neither could achieve alone. However, In less ambitious or resource-constrained LTAs, EPs often fail to deliver due to a lack of follow-through on commitments or insufficient technical capacity.

While devolution offers opportunities for local control, decision making and accountability, it is not a silver bullet when it comes to delivering better bus services:

- Not all LTAs have the desire or expertise to manage devolved funding effectively.
- Guardrails are essential to ensure funds are used appropriately. These could include clear KPIs (e.g., passenger growth, bus speed improvements) and mechanisms for DfT intervention in cases of underperformance, as well as the ringfencing of bus funding.

**Proposed Alternatives and Recommendations**

Replacing the current stop-start approach with a stable, long-term funding settlement is crucial:

- A five-year settlement would provide operators and LTAs with the financial certainty needed for strategic planning and investment.

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<sup>32</sup> Economic Impact of Local Bus Services (KPMG) 2024



- The funding quantum must be sufficient to support service improvement, expansion, and innovation.
- Allocations should include mechanisms to protect against rising operational costs, ensuring funding remains effective in real terms.
- A reformed funding model must ensure that no area goes backwards in terms of funding and service levels, if it is to safeguard access to vital transport for all communities.

CPT will be submitting a representation to this year's Comprehensive Spending Review with more detail on quantum and what different options can deliver.

Simplifying funding mechanisms and devolving control to capable LTAs can enhance efficiency and responsiveness, but to be effective it is vital that, as discussed above, bus funds are ringfenced and LTAs are held to account for how their spending decisions deliver measurable improvements in bus services.

Implementing these recommendations will deliver tangible benefits for passengers, operators, and the wider community:

- By making bus travel more reliable, affordable, and accessible, reforms will encourage more people to choose buses over cars.
- Investing in buses generates significant economic benefits, with every £1 spent delivering £4.55 in returns through reduced congestion, environmental improvements, and enhanced social mobility<sup>33</sup>.
- Targeted investment in fleet electrification and infrastructure improvements will accelerate progress toward the UK's net-zero goals.

The current funding models and governance structures for buses outside major metropolitan areas require significant reform to meet long-term goals for sustainability, accessibility, and affordability. By adopting a five-year funding settlement, streamlining mechanisms, and expanding public-private partnerships, the Government can unlock the full potential of buses to support economic growth, social equity, and environmental sustainability.

### **National Bus Fare Cap Grant**

The £2 fare cap was a popular policy; it encouraged new passengers to use the bus, and regular passengers to use the bus more often. Rural and interurban services particularly benefited, as they originally were more likely to have higher fares and therefore larger savings from a fare cap.

Bus services are much more likely to be used by members of society at the low end of the income scale, and are therefore essential for social inclusion. In England, 44% of low income households have no access to a car, and take more than double the number of bus journeys a year compared to those from high income households.<sup>34</sup> Buses also provide an essential service for job seekers, of whom more than three

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<sup>33</sup> KPMG, The economic impact of local bus services, September 2024

<sup>34</sup> Department for Transport, National Travel Survey, NTS0703: Travel by vehicle availability, income, ethnic group, household type, mobility status and NS-SEC - GOV.UK ([www.gov.uk](http://www.gov.uk)), 2023





quarters do not have access to a car.<sup>35</sup> It is therefore vital for the economic vitality of local communities to keep affordable and regular public transport available.

We therefore campaigned for, and welcomed, the Government's support for a £3 bus fare cap throughout 2025 to phase the transition back to commercial fares for passengers and prevent those passengers making longer bus journeys from sharp increases in costs in January 2025.

Our research shows that supporting fares is great value for money across a range of options for delivery<sup>2</sup>. Nonetheless, when considering the likely increased cost of delivering the current fare cap, the current fiscal environment and the Government's wider policy goals, we believe that, when the current fare cap comes to an end, replacing it with a fare offer for young people is a good option for supporting those who tend to be on lower incomes access education and employment, as well as promoting longer term sustainable travel habits.

**f. Evaluating the potential of alternative service models, including Demand Responsive Transport (DRT) and community transport, and other innovations or technologies which could support or replace buses serving less populated communities, and what steps the Government should take to support them.**

DRT could prove to be a useful tool in delivering services in more isolated, rural locations where standard, scheduled services are not commercially viable. However it requires a long-term commitment and considerable levels of funding and will not be the right solution for all less populated or harder to serve areas. For DRT schemes undertaken to date, finances have proved to be a challenge. Experience has shown that the operating cost of a DRT service is broadly comparable to that of a normal local bus service on a per vehicle basis; savings on e.g. vehicle purchase price and fuel are offset by costs for the technology and a despatcher – which are as much as 13% of total operating costs - as well as higher depreciation costs for the vehicles due to their expected shorter lifespan. Coupled with the lower capacity of DRT services and less passengers per journey, the cost per passenger can often be considerably higher than for conventional scheduled bus services. Go Ahead, for example, were only able to recoup around 50% of their operating costs from revenue for their PickMeUp service in Oxford, which ceased in 2020 due to lack of external funding sources.

Experience shows that such services perform most strongly when partnered with other streams of support such as from local authorities, other public bodies and businesses. Schemes such as CallConnect in Lincolnshire have proven more successful because they have pooled procurement from a range of local authority funding streams such as home to school transport, NHS non-emergency patient transport, education, social care and community transport, with Lincolnshire also making use of Rural Bus Subsidy and Rural Bus Challenge Funding.

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<sup>35</sup> Johnson, D., Makie, P., and Shires, J. 'Buses and the Economy II', Institute for Transport Studies, University of Leeds, 2014



As well as providing a 'total transport' solution in rural areas, with adequate sources of funding a DRT scheme could be used to facilitate a bus priority scheme or help transition to a demand management scheme such as a Workplace Parking Levy or road user charging. The latter might provide a revenue stream to fund the DRT in the longer term. However, strong central government backing is essential to overcome institutional barriers to pooling resources and deliver real, lasting change on the ground.

On the Isle of Wight, to protect a number of uncommercial rural routes, bus operator Southern Vectis has provided vehicles, training, fuel and insurance for buses driven by volunteers since 2011. Income from fares is used to cover volunteers' administration costs.<sup>36</sup> Whilst not a technological solution, this innovative approach has enabled lifeline bus services to remain in service without placing financial burden on the LTA.

**g. How successful Enhanced Partnerships (EPs) have been so far in improving bus services outside major urban areas, whether franchising is likely to provide a better framework for these areas, and whether there are alternative models worth exploring.**

There are a number of examples of good Enhanced Partnerships making real improvements to bus services outside of major urban areas. Discussed below are just a few examples.

#### Somerset

As well as the development of the transport hub discussed under question (c), the Enhanced Partnership has used bus funding to keep non-commercial routes running that connect communities and to start new evening services. There has also been a strong emphasis on publicity and marketing to drive up bus passenger numbers. Recent bus statistics show that, in the year ending March 2024, bus passenger numbers in Somerset grew by 22%.<sup>37</sup> Building on this success, in March 2024, £2.2m government funding was coupled with £12.5m investment by FirstBus in 25 zero emission buses.

#### Norfolk

In 2022 the Enhanced Partnership was awarded £49.5m bus funding - one of the largest grants in the country - which it has used to launch 12 new routes, increase services on 32 other journeys and build new integrated travel hubs. Alongside this, the Roundtree bus depot in Norfolk is now fully electric, funded by a combination of central government zero emission bus funding (£14.7m) and investment by FirstBus (£23m).

66% of the population live in small rural towns and villages yet passenger numbers have grown impressively since the introduction of the BSIP in 2022. 25.6m passenger journeys were taken in the year to March 2024, a 43% increase since 2022. In 2023-

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<sup>36</sup> <https://www.bbc.co.uk/news/uk-england-dorset-14059104>

<sup>37</sup> [Bus statistics data tables - GOV.UK](#)



2024 alone, passenger journeys increased by 17% as a direct result of a strong partnership between local authorities and bus operators<sup>38</sup> and data from Transport Focus demonstrates that overall passenger satisfaction has increased to 87%.

### Gloucestershire

Gloucestershire saw a 23% increase in bus passengers in the year ending March 2024, with the area having seen new evening and weekend services. The improvements are set to continue with the transition to zero emission buses, funded by £6m government funding and £23m from Forest of Dean Council and Stagecoach, along with the development of a new transport interchange.

### Cornwall

Cornwall is one of the few areas that has seen bus passenger numbers rise to above pre-pandemic levels, bucking the national trend. With 11.1m journeys in the year ending March 2024, Cornwall has seen an increase of 42% since 2022.

Cornwall has also been one of the first local authorities to publish a 'Bus Passenger Charter', a move strongly embraced by operators in the region. Operators are continuing to work with Transport Focus and the Council to update and strengthen the commitments made in the charter, which reflects the things that matter most to passengers.<sup>39</sup>

Cornwall has successfully bid for two ZEBRA funding packages, including a joint project with Plymouth City Council and Go-Ahead.<sup>40</sup> First Bus has also invested heavily in electric vehicles for Cornwall, including £1m in a purpose-built electric charging hub.<sup>41</sup>

Successful partnerships require a joint ambition to improve bus services. Commercial operators are incentivised to improve services in order to drive up passenger numbers and thus revenue and can be further incentivised through measures to reduce operating costs, such as bus priority measures, in return for further investment; local authorities can be incentivised to improve services through a requirement to report against Key Performance Indicators relating to bus improvements, along with a nationally set target to improve bus speeds and a statutory requirement to deliver socially and economically necessary bus services, as discussed under question (a).

## **h. How well policy, funding and oversight of bus services allow services that straddle rural and non-rural areas, and local government boundaries, to be managed**

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<sup>38</sup> <https://www.gov.uk/government/statistical-data-sets/bus-statistics-data-tables#local-bus-passenger-journeys-bus01>.

<sup>39</sup> [Why are more people in Cornwall choosing the bus? - Transport Focus](#)

<sup>40</sup> Part of a package of investments made by Go-Ahead UK-wide, totally £62m: [The Go-Ahead Group reaches a milestone with over 1100 zero emission buses - a leader in the UK | Go Ahead News](#)

<sup>41</sup> [Charged up: First Bus opens electric charging to the public | First Bus UK News](#)



Franchising authorities can require services that cross the boundary into the franchised area to apply for a service permit. The franchising authority can require a permit where only one of multiple stops is in the franchised area which gives them disproportionate power over the route and can put the entire route in jeopardy, with sub-optimal outcomes for passengers. At the same time, the franchising authority is able to run routes across the boundary into neighbouring authorities, which creates an uneven playing field.

In Greater Manchester, TfGM don't allow all cross-boundary buses to serve all stops on the route and will no longer contribute to cross boundary routes that need support, putting pressure on neighbouring authorities to provide additional funding or risk losing the route altogether. TfGM believe that a newly franchised area can only fund to their own franchisees and so cannot provide funding, including de minimis, directly to a bus operator on a cross-boundary service. The Bee Network also has new ticket products that don't apply on cross boundary services, leading to an unintegrated and sub-optimal offer for passengers.

We would like to see the Bus Services Bill take the opportunity to improve the requirements around permits to ensure that cross boundary services into franchised areas are not put at unnecessary risk:

- (a) A minimum threshold should be set for a permit requirement, for example, if an operator only runs e.g. 20% of mileage inside franchised area they could be exempt from having to apply for a permit.
- (b) Granting a permit should give the operator the same rights as a franchised operator such as access to funding, advertising, ticketing schemes, bus stops and stations and the right to have routes published within the franchised area. This can ensure that passengers using these routes in the franchised area receive the same level of service as on a franchised route.

## Conclusion

The bus sector is well placed to help the government deliver on key priorities such as economic growth, breaking down barriers to opportunity by connecting communities, improving air quality and health and achieving net zero carbon targets.

With regards to the regulatory framework under which buses are run, different models will work in different parts of the country. Whilst franchising might be the right choice for some Mayoral Combined Authorities that have a high population density, a number of different modes of public transport that can be usefully integrated, and revenue-raising powers, it is less likely to be the right model for running bus services in LTAs outside of major cities.

Franchising is not a silver bullet and some areas may choose regulatory models that build on the success of commercial bus services which are flourishing in large parts of the country. What matters to passengers and what will really make a difference to their bus services are actions to ensure buses are quick, reliable, and going where people want to go and when. In cities and towns that means putting bus first on the



road network to improve bus speeds. In more rural areas it means identifying and investing in bus services which meet community needs and improve accessibility. Adequate funding is required through this year's spending review to deliver this.

There is a strong economic case for government investment in bus services. As well as being good value for money, the benefits accrue across the whole of the economy and society and so, in rural areas in particular, the cost of delivering the necessary services should not and cannot be met by fare revenue alone.

The current funding models and governance structures for buses outside major metropolitan areas require significant reform to meet long-term goals for sustainability, accessibility, and affordability. By adopting a five-year funding settlement, streamlining mechanisms, and expanding public-private partnerships, the Government can unlock the full potential of buses to support economic growth, social equity, and environmental sustainability.

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