



ECONOMIC IMPACT OF LOCAL BUS SERVICES REPORT

CPT Member Toolkit

Summary of the report and key findings:

CPT's objective for this work was to provide a source of data and messaging around the scale of the contribution bus makes economically and socially to help make the case at national and regional level for investing in bus services and infrastructure.

Key messages:

- By employing 105,000 people and supporting the employment of a further 53,000 in the supply chain the bus sector contributes **£11.3bn** to the economy
- Bus passengers spend almost **£40bn** each year in shops, cafes, restaurants and leisure destinations driving the growth of local economies
- Over 2.2 million commuters rely on buses to get to work, contributing over **£72bn** to the economy
- Ten million bus journeys every day have benefits for us all totalling **£15.6bn** each year and including:
 - Passengers benefit from improved connections to jobs and education opportunities worth **£8.7bn** a year to the economy
 - Other road users benefit from reduced congestion and improved safety worth **£600m** a year
 - Communities benefit from improved health, more volunteering and increased rates of employment and education worth **£2.8bn** a year
- Bus can do more: every additional £1 invested in bus can secure economic benefits equal to **£4.55**

MEMBER Q&A

Who conducted the research and how were members involved?

CPT commissioned KPMG to produce this (and a separate report on the economic impact of coach) between May and August 2024.

There were four phases to the work: an initial discovery phase; an economic analysis phase; an engagement phase with key stakeholders including members via four workshops across England, Scotland and Wales; and a reporting phase.

What is the scope of the report?

Overall, the report is about Great Britain as a whole, and there are nation breakdowns for England, Scotland and Wales on pages 20 - 23. Appendix 1 contains breakdowns for English regions and the Combined Authorities within them.



There is no further breakdown for Scotland and Wales beyond nation wide, due to a lack of available data at this level.

Where can I find data relevant to my local area?

The data for England, Scotland and Wales can be found on pages 20 – 23 of the report.

Most English data is broken down by Region and Combined Authority in Appendix 1 of the report (and the key messaging wording above can be used with the regional figures, for example):

- The bus sector directly contributes **£580m** to the East Midlands economy
- Bus passengers spend almost **£1.5bn** each year in shops, cafes, restaurants and leisure destinations driving the growth of the East Midlands
- Commuters in the East Midlands who rely on buses to get to work, contribute **£3.32 bn** to the economy each year
- The economic and social activities of bus users benefit the East Midlands economy and society to the tune of **almost £800m** each year
- Buses connecting people to jobs and education opportunities is worth **£385m** a year to the East Midlands economy

Please contact your Regional Manager ([Karen Tiley](#) or [Andrew McGuinness](#)) or a member of the [External Relations Team](#) if you would like further assistance with this. If you do not know who your regional manager is, please contact Deputy Regional Manager, [Rebecca Kite](#).

Where can I find the sources of the data used?

There are references/footnotes to the publicly available sources of data which have been used on page 50 of the report.

What is included in the economic activities of those involved in the provision of bus services and what do direct, indirect and induced impacts mean?

Please refer to Figure 1 on page 10.

The “direct impacts” considered were company profits (and their taxes), wages paid to employees, spend on operating costs (e.g. fuel) and capital investment (e.g. buying a bus made in Britain). Sources of data are on page 41.

The “indirect impacts” considered were the spending of the supply chain and bus manufacturers on good and services to supply the bus sector or manufacture buses. The calculations for this are on page 42.

“Induced impacts” are the spending of bus company employees and the supply chain in the wider economy. The calculations for this are on page 42.



How were the numbers on the economic and social activities of bus passengers calculated?

Please see Figure 1 on page 10.

These bus user and non-user benefits have been calculated using the approach outlined in the Department for Transport's [Transport Analysis Guidance](#) (TAG). This approach converts the number of bus journeys taken into monetary benefits by using a set of appraisal values for a range of benefits, derived from economic literature.

Evidence sources and workings for this can be found on pages 42-44.

How was the economic impact of bus passengers interacting with local economies calculated?

Please refer to Figure 1 on page 10.

Using evidence from the DfT on the likelihood that passengers would not make the trip if the bus service were unavailable, KPMG estimated the proportion of spending attributed to journeys no longer made.

The tax revenue generated by people commuting to work by bus has been assessed by using estimates of the proportion of commuters using buses taken from the 2023 National Travel Survey ("NTS") and median earnings by area from the Annual Survey of Hours and Earnings.

Data sources can be found on page 45.

What does BCR mean?

The Benefit Cost Ratio is a way of describing what the economic benefit will be to the wider economy, from a particular investment or intervention (e.g. every £1 invested in bus priority measures can bring economic benefits of £5).

This represents very high value for money, in line with the top 10% of DfT funded projects in 2019. By contrast, the BCR for the Edinburgh Tram Project was just over 1¹, the business case for the Sheffield City Region Mass Transit stated that the BCR would be between 1.2 and 1.81²; the business case for the Transport for Greater Manchester Light Rapid Transport stated that the BCR would be 1.86³; and the Borders Railway Business Case stated that the BCR would only be between 0.5 and 1.2⁴.

¹ [Edinburgh Tram: Full Business Case for the Tram Completion Project](#)

² [Appendix 1 - SCR Mass Transit OBC - Executive Summary.pdf \(southyorkshire-ca.gov.uk\)](#)

³ [Transport for Greater Manchester \(Light Rapid Transit System\) \(Trafford Park Extension\): inspector's report \(publishing.service.gov.uk\)](#)

⁴ [1 \(transport.gov.scot\)](#)



How was the economic benefit of each £1 of investment for bus services calculated?

These were calculated using a DfT style appraisal so it will be understood and be comparable with other government analysis.

KPMG have set out the BCR (benefit cost ratio) of a number of capital and revenue options, available on page 25 on the report.

The £4.55 number was arrived at by taking a typical package of investment of a 70% 30% split in favour of capital funding, which is in line with DfT spend.

What does GVA mean?

GVA means Gross Value Added and is used to explain the total wages of bus commuters in this report. There is a line in each drill down page (Scotland, Wales and English Regions) which sets out the local GVA, so you can use that number to state, for example: "Commuters in the East Midlands who rely on buses to get to work, contribute £3.32 bn to the economy each year".

Is there anything I should be aware of when using these numbers?

Please note that all values in the tables and map in the appendices are rounded to the nearest £5 million. This may cause slight discrepancies in totals.

How should I reference the report?

If you are using the report in a presentation or document, the report should be referenced as "'Economic Value of Bus" KPMG September 2024' and include a link to the published report which can be found [here](#).

How can I use the report?

The purpose of this report is to provide CPT members with data and analysis promoting the benefits of bus, to take to local leaders and stakeholders to make the case for investment in bus.

Different audiences may include locally elected representatives (Like Mayors or Councillors), Local Authorities or Local Transport Authorities, other stakeholders and conferences or events you are asked to attend.

The key messages that are at the top of this document can be broken down to country level, and in England, region and Combined Authority level, so you are able to tailor your discussion.