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Public transport: What does the future hold?

Suppose someone in the depths of the Treasury were to extract their calculator and punch in some numbers that showed reliable access to affordable public transport gave an overall saving because, for example, it allows older people to live independently for longer?. By Mark Smulian

Then suppose that on that basis bus services were showered with money because doing so meant an overall saving given the consequent reduced spending on health and social care.

And then suppose the someone in the Treasury reasoned they might try such an approach now, since the pandemic has seen bus and rail operators put largely on public sector financial life support through slumping ridership.

Now wake up. Public sector budgets remain obstinately in silos and rarely recognise that increased spending in one department gives a saving in a second that overall is better value for money.

Thus when emergency funding for bus and light rail services ends on 1 April it will likely be replaced - if at all - by sums entirely unrelated to the desirable policy outcomes good public transport could deliver in health, decarbonation or access to employment.

Meanwhile rail operators - now in effect contractors in a nationalised industry - have been told to find 10% savings even though the vast majority of their costs are fixed.

It is true that the Government's demand to transport authorities to submit bus service improvement plans (BSIP) and its supportive Bus Back Better policy give cause for hope.

But fears that it might take public transport a very long time to recover pre-pandemic ridership levels are real and with that comes a financial threat.

Early in the pandemic public concern about proximity to others was so great that those who could deserted public transport for cars.

This has been compound by large and unpredictable cuts to bus and train services as drivers fell ill with omicron.

Falling usage threatens congestion, air pollution and is problematic for decarbonisation plans. It also threatens public transport funding.

With public finances stretched how do ministers - even if they wish to - justify investment in buses and trains when relatively few are using them and while those who speak for a growing total of motorists will be urging improvements to the roads network instead?

Plenty is happening in terms of improving services and innovations like multi-model sport ticketing, but can the sector convince the Government that public transport is money well spent and will help it achieve other policy objectives?

Martin Tugwell, chief executive of Transport for the North (TfN), says: “One of the challenges we’ve yet to address is how to align our decision making with the delivery of outcomes – and in particular outcomes that are place-based, whether they are expressed in terms of economic, social and/or environmental outcomes.

“We have still some way to go before we succeed in getting understanding that investing in infrastructure and services that help an ageing population maintain an independent lifestyle ultimately leads to better quality of life, improved health and better social activity.

“In other words, investing in measures that maintain independence may require more investment in transport infrastructure and services but conversely may reduce the demand on health and social services, both of which are much larger – budget terms – than transport.”

Mr Tugwell says the Government’s Transport Decarbonisation Plan has highlighted how over the last 10 years the relative costs of road, bus and rail have gone and continue to go in the wrong direction.

“We need to stop thinking in terms of how do we make public transport ‘pay’ for itself and instead start thinking about what we need the transport system to offer to achieve place-based outcomes,” he says.

“If we see rail and bus travel as being key to helping decarbonise our transport system then we need to be making investment decisions on the basis of the ‘cost’ of carbon, or for example the value of reducing inequalities within our community.”

Following that logic the ‘saving’ in carbon costs and greater equality associated with improved bus services might far outweigh the additional investment required.

Mr Tugwell though says this approach is not followed because “our decision making is still siloed based and focused on making individual elements stand on their own two feet in terms of cost/benefit.

“As a result we’re seeing bus services withdrawn because we ‘can’t make them pay’ ignoring in the process the wider implications.”

Some European cities - and in the case of Luxembourg an entire country - have made public transport free “not because there’s a magic money tree but rather a realisation that the cost of providing ‘free’ transport is off-set by the benefits of providing people with ease access to economic opportunities and/or enabling the population to maintain independent living in a more sustainable way”, he says.

One way to tackle this would be greater devolution of transport funding to TfN and other regional transport bodies.

Attempts to make Whitehall ‘joined up’ have so often failed that Mr Tugwell thinks there is little value in trying this again and instead there should be a defined role for Government and beyond that devolved decision-making and funding.

Jonathan Bray, director of the Urban Transport Group - which represents metropolitan transport authorities - says a combination of omicron and the driver shortages has reversed progress that had been winning back passengers.

This gives a dangerous combination of operators cutting services and the extra funds ending on 1 April. “so you’ll have a situation where people do not take buses because they can’t, which is a further problem for modal shift”.

Although Mr Bray concedes last autumn’s City Region Sustainable Transport Settlement (CRSTS) allocations were “at the higher end of expectations” he thinks the Treasury will be averse to further generosity despite the Government’s professed desire for better, cheaper and greener public transport.

“The Treasury is in bean counting mode - not strategic mode - at the moment, they are not stupid they are just coming from somewhere different,” he says.

It is easy to find examples of the pandemic-related service cuts that ravaged the bus industry this winter as both crews and passengers were required to isolate, and those who lost the habit of using buses might not return.

To cite just one, Lincolnshire operator Brylaine says it has been unable to operate any Saturday services for the first three months of 2022, blaming “the driver shortage which has blighted the UK in recent months...now heavily impacting the public transport industry as drivers switch to higher-paid driving and less stressful jobs options.”

The funding issues affected Brylaine, as it noted: “Without regional funding and support for the operation of rural bus services; rural operators like ourselves simply

cannot reach wage levels that compete with HGV, or indeed many of the local warehouse distribution operations and online delivery services, here in Lincolnshire.”

Tom Bartošák-Harlow, head of external relations at the bus and coach industry body the Confederation of Passenger Transport (CPT) says: “When Covid-19 hit there was a large drop in passenger numbers and work from home saw that go down to 40-50%, and we needed government support.

“We still needed support but saw ridership at 75-80% of pre-pandemic levels before omicron hit. We are now running nearly a full bus network but still have a revenue shortfall of about £1.5bn to provide services passengers need.”

The CPT understands driver absences have generally seen operators cope by reducing bus numbers on high frequency routes as this has a less negative impact on passengers than would removing low frequency routes entirely.

He says its analysis of the BSIPs submitted show a funding gap of £5bn between the position now and what is proposed in those plans.

BSIP bids allow for both enhanced partnerships between local authorities and bus operators and for franchising.

In simple terms, the former formalises arrangements that already exist in many places under which, for example, local authorities agree to install bus priority measures and operators commit to improve services.

Under the latter, a system like that in London would be created, where the transport authority sets routes, fares, frequencies and vehicle standards and invites operators to tender to run them.

Franchising is available as of right to mayoral combined authorities, and to other areas with government consent.

Mr Bartošák-Harlow says: “Operators know that working in partnership with local authorities is what brings improvements and increased passenger numbers.

“Operators welcome greater co-operation. Not every area will get BSIP funding, but co-operation is really important to getting back the numbers in bus passengers.”

Enhanced partnerships leave operators still mainly free to run whatever services they deem profitable and so is preferred by them to franchising.

But with Greater Manchester committed to franchising and other areas considering such a step, they may have to learn to live with it.

Mr Bartošák-Harlow says: “Franchising is something many of our members work under in London and they are familiar with it but it has to be recognised that it transfers financial risk from operators to local taxpayers.

“Pre-pandemic, London buses made a loss but the Tube made a profit so it could be afforded to subsidise buses, but other places do not have that kind of multi-mode network.”

The Campaign for Better Transport has also sounded the alarm about bus service and passenger numbers and funding.

A post by Silviya Barrett, head of policy and research, notes buses account for more than two-thirds of all public transport journeys and that for those with no access to private vehicles, good and affordable bus services are a lifeline.

Looking to the expiry of support funding in April, Ms Barrett says: “While, originally, the government might have hoped the sector could fend for itself after March, it is now clear that passenger numbers will not have recovered.

“Bus use had reached 80-85% of pre-pandemic levels by last autumn, but the latest Omicron surge has knocked it back down again. An extension of the recovery funding is needed to keep services going.”

Without renewed support, the drying-up of these funding sources “will mean bus service cuts and frequency reductions for both commercial and local authority supported services”, she says.

Ms Barrett put the number of bus services under threat at 20-25% of those run commercially.

“Widespread cuts would cause an irreversible drop in journeys by bus, contributing to economic decline, the inability of vulnerable people to access basic services, social isolation and increased private vehicle pollution and emissions,” she says.

This threat exists despite the Government having the right intentions over buses, Ms Barrett says, noting the commitment to deliver affordable, quality bus services for all and the request to local authorities for ambitious BSIPs.

Under the CBT's estimate, some £7bn worth of improvements has been requested and it fears many areas will miss out on BSIP completely or have to dramatically scale down their plans.

And those plans need not be for enhanced versions of what existed before the pandemic struck.

Kit Allwinter active travel policy adviser at West Yorkshire Combined Authority, says people are returning to public transport not least as earlier fears have subsided that covid-19 might be passed on by touching grab rails on buses.

Plans may have to be made for a network that looks rather different to the old depending on how many of the new working patterns wrought by the pandemic prove to be long-term, for example if widespread working from home persists even when it is no longer a legal requirement.

"Bus routes have tended to be planned around peaks but if working from home remains - and I think it will - that changes what bus routes are needed," he says.

"It could be that people go into the office later for meetings having worked from home, which was less acceptable before the pandemic but I think will remain normal now.

"Transport planning had always planned around meeting peak demand but that is mainly for people with middle class office jobs that can be done from home, so we may see a change to other kinds of trips. It may be that working from home creates more demand for suburban routes or peripheral ones that have been less viable."

Mr Tugwell makes the related point that no-one yet know what any 'car led recovery' comprises.

"If traffic volumes are approaching pre-pandemic levels are they the same journeys?" he asks.

"I suspect not. With flexible working we see fewer people in city centres so I suspect the journeys being made are different ones and for different reasons and we need to understand that. We are slipping into rather lazy thinking if we do not look at what those journeys are now for."

Given his active travel role, Mr Allwinter is particularly concerned about the possibility of a 'car-led recovery' from the pandemic.

"I don't think many people now expect, let alone want, that and there is a desire to 'build back better'," he says.

“The most important thing is that we can tackle car ownership because cars are the easiest thing to use if one is just sitting there on your drive.

“But even if you join a car club the effort involved is the same as taking a bus so you are more likely to use public transport if you don’t own a car and we can reduce the use of cars to journeys for which they are not necessary.”

He adds that measures to help buses on the roads by restraining other traffic also assist active travel as it becomes safer and more present to walk or cycle if there is less traffic and less air pollution.

In the West Midlands conurbation, head of transport innovation Chris Lane is looking both to expanding conventional buses and to launching demand-responsive services.

Bus travel rates remain good though he fears they will not return to pre-pandemic level for two-to-three years.

He says: “We already have a very strong partnerships with the bus operators and a committee where we meet to try to arrive at responses that are mutually beneficial, rather than the operators responding purely commercially. In some places the relationship is rather adversarial, but we work together.

“We are looking to an enhanced partnership which would formalise much of what we already do and cement it in place. It is not just one way about what the operators do, it also concerns roads, bus priority and parking.”

The West Midlands Combined Authority is working with operators to research where passengers are travelling to help determine if the network now in place remains the most appropriate.

"For example if two companies each operate every 30 minutes on a corridor the passenger want those journeys evenly space but the operators want to get just in front of competitors to get more passengers," he explains.

A pilot recently took place in Sandwell when some roads were closed for repairs in which Diamond Bus and National Express shared routes, which Mr Lane says was found to work well.

The West Midlands has two demand responsive travel pilots in place, at Warwick University and in the New Century Park area of Coventry.

“With demand responsive travel the bus only goes there when needed and serves the roads needed,” Mr Lane says.

“There is a different emotional connection with a bus you know you have ordered and is coming.”

He says a conventional tender could have been issued for New Century Park “but if you ran one bus an hour under that, would that be as good as a demand responsive one?”

It’s often said that public transport use would increase if seamless multi-modal ticketing were available - on the lines of London’s Oyster card - and that the baffling array of tickets on sale in some areas acts as a deterrent to using buses and rail in particular for journey of more than one mode.

There are no technical issues that remain to be resolved on multi-modal ticketing, according to Martin Howell, director, transport markets, UK & Ireland at Worldline, which provides these services.

Sharply divided views exist though over whether ploughing money into such ticketing schemes is a wise use of scarce funds.

Mr Tugwell says: “Inequalities in transport mean investment has to reflect what we are trying to achieve in social terms. TfN has done some work on this and the extent of transport inequalities is really quite horrifying, the sheer scale of it with people unable to access work and services affordably.

“It is easy to get enthused about seamless ticketing but if you can’t afford the journey you still can’t afford it just because a paperless ticket is available.”

He notes that if a bus fare increase of 50p per journey becomes “the difference in being able to feed your children for some people” then the nature of the tickets available is somewhat academic.

Mr Howell thinks big on ticketing. “We have to be thinking smarter – we need to ‘join up journeys’ nationally; we should have a single UK platform allowing customers to roam from one area to another seamlessly, paying once – much as phone networks allow.”

That would mean thinking about transport infrastructure and ticketing technology together. While infrastructure projects are inevitably long-term, ticket technology can be installed more rapidly and offers “benefits now, to encourage people back on to buses and trains with immediate effect delivering fare revenue to operators and government and easing the funding crisis,” he says.

To make full use for the possibilities data should be shared by law to enable operators and authorities to fully understand customer demand.

“Cities could look to do what Transport for London has done and go to contactless because then you do not need tickets at all,” Mr Howell suggests.

“We find transport authorities are interested but the problem is this is just looked at as local, when what you need is ticketing for end-to-end journeys. We think too much about transport rather than how people navigate a journey. Bus operators look at one trip and worry about whether they will get the same money once there are multi-modal tickets.”

Mr Howell says transport policymakers should instead think in network terms "so if someone wants to go from suburban Manchester to suburban Leeds they can look up online the most convenient or cheapest way, book and pay for it and then and get a QR or bar code.

“The government must get people to work together. There is nothing technically holding this back except the will of people to make it happen.”

Operators are sympathetic to multi-modal ticketing, says Mr Bartošák-Harlow. He explains: “We want to see combined ticketing, as in London. For example in Sheffield people can buy a paper ticket that is multi-operator and we want to see South Yorkshire go to a seamless ticket like London.

“There are back office costs to proving a seamless multi-operator tickets and we think that should be provided nationally as the most efficient way to do it.”

Under this idea the back office infrastructure would be national, but not the tickets’ range.

For a cost of £40-45m even areas that lose out on BSIP round would at least get something and there would be obvious efficiencies to building the infrastructure once rather than separately dozens of times over.

Mr Lane says: “We are looking to simplifying ticketing significantly in the West Midlands.

“At the moment you can buy different tickets from each operators and each of them has a different range.”

The region has the N-Bus, N-Train and N-Network multi-operator tickets and the authority hopes to extend these.

“The question for DfT is could you extend multi-modal ticketing across England,” Mr Lane says.

“There are multi-modal tickets in the west midlands but I live outside in Worcestershire and people cross boundaries in many places, so how would that work?

“People need to be able to buy multi-modal tickets and know they will always be charged the cheapest fare. We are using contactless but at the moment only with single operators.”

Multi-modal tickets could take bus passengers onto rail and light rail, two sectors that have also seen their passenger numbers hammered.

Industry body the Rail Delivery Group reported in December that daily rail journeys were an average of 55% pre-covid levels in the middle of that month and weekly train ticket sales were at just 59%. But the Government's work from home guidance then led to 23% drop in rail revenue.

Rail was renationalised in all but name after the slump in revenue in the pandemic with the operators now acting as contractors to the DfT.

While this may well have seen some passengers turn to cars, there may be unexpected goods news for sustainability in more freight using rail instead of roads.

Maggie Simpson, director general of the Rail Freight Group, says: “Obviously its important passenger trains run too but reduced passenger traffic has been better for freight.

“Where freight trains would not have run because there were not the train paths or it would have taken too long to get them into terminals they now can, or the trains can be longer.”

Ms Simpson says businesses have been under pressure to reconsider supply chains for environmental reasons “and rail is always going to be a lower carbon option than road.

“Customers don't change supply chains overnight but more are starting to look at rail and make investments so you could see modal shift in the sense of fewer goods vehicles on the roads.”

Mr Allwinder sees hope for rail in the new arrangements under which the state-owned Great British Railways will absorb Network Rail and oversee the network.

“I hope we will see GBR around for at least 15 years before any more policy change so that will give stability to the railways,” he says.

“How that works depends on whether the Treasury intends to be involved in every spending decision - as happened with British Rail - or whether it will give the rail

industry a lump sum and tell it to get on with it. If the latter then new things may happen.”

Rail has been told to find 10% saving and with stations, rolling stock and lines all fixed costs, it is hard to see where these savings will come from without substantial service cuts.

Such cuts could provoke increased use of cars, which the Government professes not to want.

A similar problem affects the various local authority light rail systems. Mr Bray says: “The problem with light rail is different to buses, as the Treasury has said it will not give more grant from April and there is a high fixed cost.

“That means it’s hard to make savings short of not running the service at all, which means you might as well run it as if you don’t road traffic will increase.”

Things may be clearer by the spring, but no-one will run near-empty buses, trains or light rail for very long. And if they do not, cars could fill the gap.

[box]

Bus Service Improvement Plans

Transport authorities across England have submitted these, although Government decisions on which gain new funds are not expected until the spring. These examples show the breadth of what is wanted.

Greater Manchester

Seeks bus franchising with services at ‘turn-up-and-go’ frequencies on major routes, live information, more affordable journeys integrated with other modes and zero emission buses.

Buckinghamshire

Focus on improving the user experience, safety and security; improved reliability of bus services; support climate change strategy; encourage network and patronage growth.

Wiltshire

Attempt to reverse long-term decline in usage; top three ‘asks’ from public: more frequent buses, more evening buses, better real time information. A joined-up bus network where tickets are interchangeable, buses meet trains and journey times are reliable through bus priority schemes.

North East England

Calls for £495.6m capital funding for new bus priority infrastructure, waiting facilities, new buses, and new ITS equipment, £123.6m for continuation of existing services in light of Covid-related shortfalls, £184.7m to support the introduction of lower fares and expanded networks.