

# Funding local bus services in England

How to ensure every community  
gets the bus service it needs

June 2022



# Summary

## Local bus services have been in decline for some time, but the pandemic had a devastating impact on services.

There was a 16 per cent drop in bus service provision in the first year of the pandemic alone, with commercial routes particularly badly affected. More services are currently under threat as pandemic-related Government support is due to end.

The National Bus Strategy, *Bus Back Better*, published in March 2021, aimed to reverse this decline. But the level of ambition has not been matched by the funding made available. While all local transport authorities applied, only two in five received some funding and even these received less than a quarter of what they asked for. This does not live up to the promise of a national bus strategy.

Authorities deemed to have low ambitions were left with no additional funding although these authorities arguably need it the most to overcome barriers they may face. The strategy recognised some authorities lack the resources and expertise to deliver on its ambitions. More rural authorities or those with smaller transport teams have continually struggled to apply for and win funding from competitive pots. While non-winning authorities have been given a grant to pay for an officer to help deliver measures that do not require extra funding, further support will be required.



### To help turn around the fortunes of the local bus and ensure that all communities have the bus services they need and deserve, the Government should:

- Provide additional capability funding for authorities that do not receive funding for their Bus Service Improvement Plans to recruit experienced professionals or to procure expert support when needed
- Deliver qualifications and training to boost the supply of new graduates to the sector and to upskill existing team members
- Provide more detailed guidance and feedback on developing competitive funding bids to authorities that have tended to lose out or not apply in the past
- Move away from the current fragmented, competitive funding pots towards a single pot with long-term allocations for all local authorities conditional on achieving certain objectives
- Allocate a greater proportion of funding to revenue support to boost service provision and frequency and improve affordability
- Make more funding available for local bus services through efficiency savings from large infrastructure projects and reallocating at least a fifth of the roads investment budget to support improvements across all authorities.

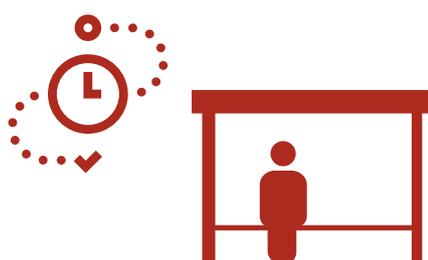
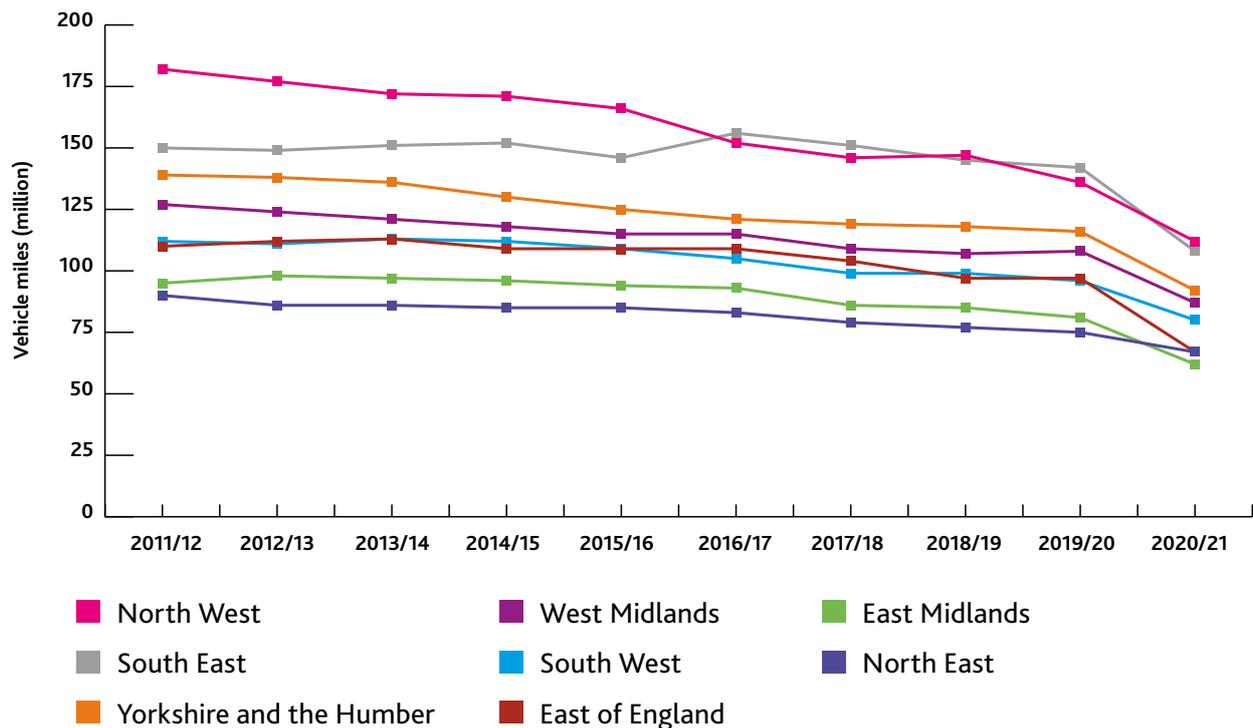
# Cuts to bus services

**Buses are a vital form of public transport – for individuals, for the economy, for people’s health and for the environment.**

However, funding cuts over time have meant that local bus services have been in decline for years. Department for Transport data shows that in the ten years between 2011/12 and 2020/21, bus service provision across England (as measured in bus vehicle miles) declined

by 27 per cent (see Figure 1).<sup>1</sup> This corresponds with data from the Traffic Commissioners showing that ‘live’ bus registrations have dropped from 16,913 in March 2012 to 12,067 in March 2021 – a loss of nearly 5,000 routes and a decline of 29 per cent.<sup>2</sup>

**Figure 1: Vehicle miles on local bus services, England excluding London, 2011/12 - 2020/21**



**In the last ten years  
there was a loss of almost  
▼ 5,000 routes**  
**Bus vehicle miles declined by  
▼ 27%**

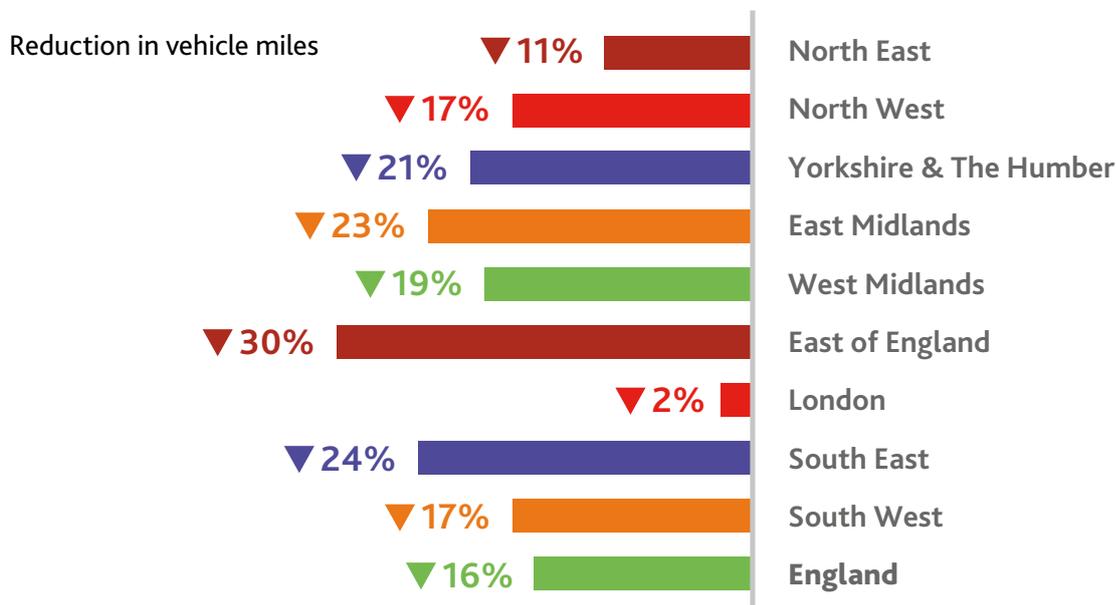
Yet the impact of the pandemic has been the most devastating. In the first year of the pandemic alone, between March 2020 and March 2021 (the last year for which data is available), bus services in England declined by 16 per cent overall – despite pandemic-related Government support for operators being in place. The impact varied by region, with the East of England, South East and East Midlands being the worst affected (see Figure 2).<sup>3</sup>



**Bus services in England during the first year of the pandemic declined by**

**▼ 16%**

**Figure 2: Bus cuts in the first year of the pandemic, England, March 2020 - March 2021**



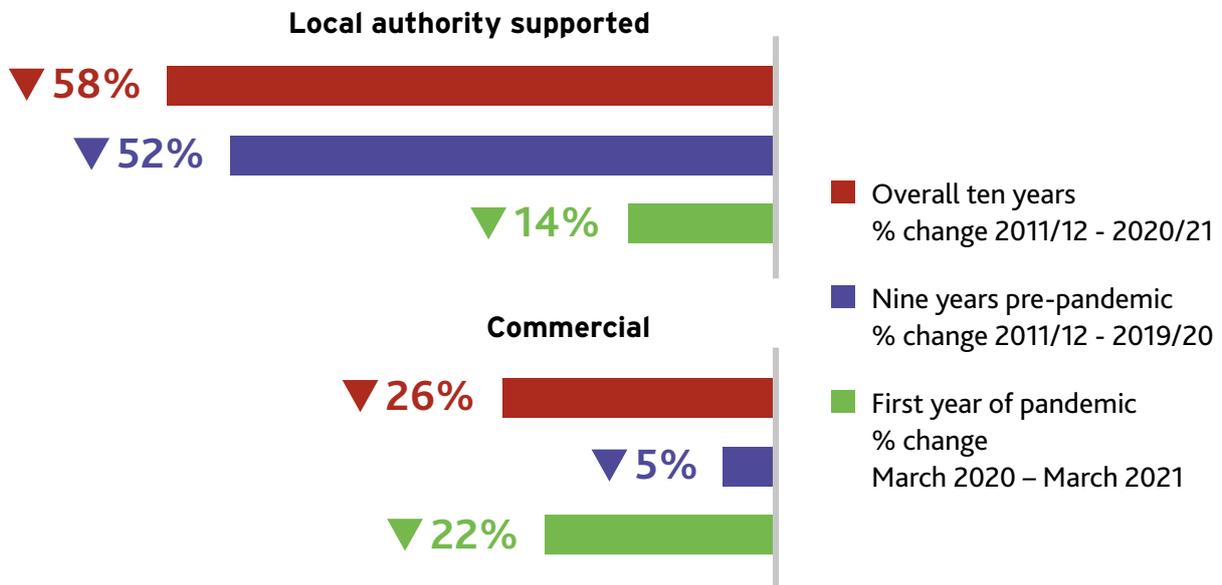
Commercially-run bus services were especially badly hit by the pandemic. Prior to it, commercial bus service provision – which accounts for the majority (86 per cent) of all services – had been relatively robust. By their very definition, privately-run routes were commercially viable with sufficient passenger demand to run them profitably. On the other hand, local authority supported bus services – those that authorities subsidise to plug gaps in provision where routes are not commercially viable but are still socially necessary – had been in steady decline due to diminishing local authority budgets. In the last ten years, supported services in England outside London declined by 58 per cent overall, with the rate of decline relatively steady.

However, the pandemic decimated passenger numbers across the board, so bus companies were no longer able to run previously viable services without subsidy. This led to a dramatic decline in commercial services – by 22 per cent in the first year of the pandemic alone as opposed to just five per cent overall in the nine previous years (see Figure 3).<sup>4</sup>

**Commercial bus services in England during the first year of the pandemic declined by**

**▼ 22%**

**Figure 3: Decline in bus vehicle miles, by type of service, England excluding London**



### Yet more service cuts are on the cards.

The Government pandemic-related financial support was due to expire in March 2022. But bus use was still only around 80 per cent of pre-pandemic levels due to another variant surge in Covid-19 cases. Following a push by Campaign for Better Transport – including thousands of our supporters emailing the Chancellor asking for an extension – further support was offered until the end of October 2022.

However, operators and local authorities were asked to work together to reshape provision to fit changing travel patterns post-pandemic and ensure it is ‘financially sustainable’.<sup>5</sup>

**In March 2022 bus use was still only around 80% of pre-pandemic levels.**

Many route changes and reduced frequencies have already been announced by operators, leading to concerns that many people will be left isolated from friends and family, education, employment and vital services.



Further cuts will also make buses even less attractive to existing and potential new passengers – precisely at the time when we need to attract as many people as possible onto public transport for these vital services to remain viable – perpetuating the spiral of decline.



# Transformation promised by the National Bus Strategy

The Government recognised the need to reverse the decline of bus services even before the pandemic.

After years of campaigning from Campaign for Better Transport, the Government committed to the publication of 'the UK's first-ever long-term bus strategy and funding settlement' in September 2019.<sup>6</sup> The strategy, *Bus Back Better*, was finally published in March 2021.<sup>7</sup> It was rightly ambitious, promising simpler and lower fares, improved frequencies, more bus priority and zero emission buses.



To deliver this, local transport authorities (LTAs) were asked to form Enhanced Partnerships or work towards franchising, and to develop ambitious Bus Service Improvement Plans (BSIPs) by October 2021 to access funds from a £3 billion 'transformational' pot. All 79 LTAs across England committed to Enhanced Partnerships (with some combined authorities also pursuing franchising) and submitted BSIPs to the Department for Transport (DfT) for assessment.

However, the total funding requests from all authorities came to approximately £10 billion and by the time of the Spending Review in October 2021, it became apparent that only around a third of the promised £3 billion would be available for the BSIPs, so some difficult prioritisation would be needed on how to allocate the funds.

Indicative allocations were finally announced in April 2022.<sup>8</sup> A total of £1.08 billion was made available for the three years from April 2022 to March 2025. There was an additional £500 million for buses (which formed part of the £3 billion promised in the strategy) for Mayoral combined authorities through the City Region Sustainable Transport Settlements (CRSTS). This was capital funding to invest in infrastructure improvements such as bus priority lanes, so Mayoral combined authorities were only eligible for revenue funding from the BSIP pot – to invest in enhanced or more frequent services, lower fares and better passenger information – while all other LTAs were eligible for both revenue and capital funding.

The £1.08 billion BSIP funding was allocated to 31 LTAs – just 40 per cent of all LTAs applying. Yet only funding a minority of places does not live up to the promise of a national bus strategy. Even winning authorities only received a fraction of what they needed. Table 1 outlines the allocations for the LTAs that received funding, alongside the full amount they asked for in the BSIPs they submitted to DfT, where this is known. Our calculations show that the proportion of the ask that was funded ranged from two to 75 per cent; just under a quarter (24 per cent) of the total original ask (for authorities where this was known) was funded.



**Only 2 in 5**

local authorities received  
bus transformation funding

**Table 1: Allocations from the BSIP transformation funding to successful local transport authorities**

Local transport authorities (combined authorities also receiving CRSTS highlighted in <b>bold</b> )	Total ask in BSIPs	Amount awarded	Award as a proportion of total ask
Blackburn with Darwen and Lancashire	£45.5m	£34.2m	<b>75%</b>
Bournemouth, Christchurch and Poole	No information	£8.9m	
Brighton and Hove	£167m	£27.9m	<b>17%</b>
Central Bedfordshire	No information	£3.7m	
City of York	£48m	£17.4m	<b>36%</b>
Cornwall (including Isles of Scilly)	£77m	£13.3m	<b>17%</b>
Derby City	£38m	£7m	<b>18%</b>
Derbyshire	£104m	£47m	<b>45%</b>
Devon	£43m	£14.1m	<b>33%</b>
East Sussex	£99m	£41.4m	<b>42%</b>
<b>Greater Manchester</b>	£308m	£94.8m	<b>31%</b>
Hertfordshire	£84m	£29.7m	<b>35%</b>
Kent	£212.6m	£35.1m	<b>17%</b>
<b>Liverpool City Region (and Halton)</b>	£526.4m	£12.3m	<b>2%</b>
Luton	£46m	£19.1m	<b>42%</b>
Norfolk	£106m	£49.6m	<b>47%</b>
<b>North East and North of Tyne</b>	£803.9m	£163.5m	<b>20%</b>
North East Lincolnshire	£39.2m	£4.7m	<b>12%</b>
Nottingham City	£97m	£11.4m	<b>12%</b>
Nottinghamshire	No information	£18.7m	
Oxfordshire	£78.1m	£12.7m	<b>16%</b>
Portsmouth	£120m	£48.3m	<b>40%</b>
Reading	No information	£26.3m	
Somerset	£163m	£11.9m	<b>7%</b>
Stoke-on-Trent	£121.7m	£31.7m	<b>26%</b>
Warrington	£25m	£16.2m	<b>65%</b>
West Berkshire	No information	£2.6m	
<b>West Midlands</b>	£239m	£87.9m	<b>37%</b>
West of England and North Somerset	No information	£105.5m	
West Sussex	£138.3m	£17.4m	<b>13%</b>
<b>West Yorkshire</b>	£168.8m	£70m	<b>41%</b>
<b>Total excluding those with no information</b>	<b>£3.9bn</b>	<b>£918.6m</b>	<b>24%</b>
<b>Total allocated</b>		<b>£1.08bn</b>	

This means that even the winning authorities will be faced with some difficult decisions.



The DfT had indicated it expects the vast majority of the allocation to be spent on bus priority, initiatives to reduce and simplify fares, increased service frequencies and new or expanded routes.

One option is for local authorities to cherry-pick which improvements to implement. However, in many cases, the wished-for improvements can only work as a package. Faster bus services will not attract people to buses if they still do not take them to destinations they want to go to, or are too expensive – and vice versa.

Another option is for them to allocate a much smaller amount to each type of improvement, but this might mean that the improvements might not be possible at all or that they would not translate to the passenger increase authorities hoped for.

Successful authorities have been asked to set out which interventions they intend to prioritise and to present updated Enhanced Partnership agreements to show how these will be implemented before final funding is confirmed. So, many difficult decisions still lay ahead.



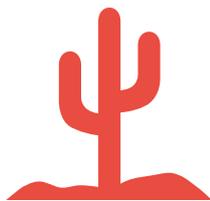
Only **one quarter** of the winning authorities' original ask was funded.

# The left behind areas

**The question then remains about what next for unsuccessful authorities.**

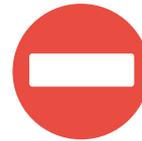
DfT indicated it had selected authorities based on the level of ambition shown in their BSIPs. However, those authorities that lag behind are arguably those that need the funding the most in order to really transform bus service provision in their areas.

The strategy recognised that, while local authorities are best placed to review local needs and to plan the services that best meet those needs, many LTAs lack the resources and expertise to deliver on the strategy's ambitions. The strategy promised support through a £25 million capability fund and a Bus Centre of Excellence, and the DfT commissioned Campaign for Better Transport to examine what the gaps are in different types of authorities and how best the Bus Centre of Excellence can help address these.



Our research found some LTAs struggled with lack of capacity and expertise due to transport teams shrinking over time, which prevented them from putting compelling funding bids together. The prevalence of a competitive funding environment, coupled with some local councillors' reluctance to tackle car dependency, had therefore led to low levels of ambition on improving local bus services.

The paradox of the BSIP allocations is that these are exactly the kinds of authorities that need the funding and the support from the Bus Centre of Excellence to level up their capacity and ambitions. Receiving nothing from the limited pot available means that the cycle of decline will only continue, particularly given the impact of the pandemic.



While there are block grants for LTAs to fund local transport and other income streams such as the Bus Service Operator Grant, these have been strained in recent years, so many LTAs have been relying solely on commercial bus service provision. For anything further, the default has been funding pots dedicated to a specific purpose and allocated to a small number of LTAs on a competitive basis.

Examples of frequent winners
Greater Manchester Combined Authority
West Yorkshire Combined Authority
Liverpool City Region Combined Authority
Nottingham City Council
Portsmouth City Council
Norfolk County Council

Examples of frequent losers
Medway Council
Shropshire County Council
Rutland County Council
East Riding of Yorkshire Council
Northamptonshire County Council
North Lincolnshire Council

Campaign for Better Transport has analysed allocations to recent competitive funding pots, including the Local Sustainable Transport Fund, Transforming Cities Fund, Access Fund, Active Travel Fund and Zero Emission Bus Regional Areas (ZEBRA) scheme.

We found that frequent winners included the combined authorities that have large teams, experience and expertise to submit funding bids and more urban unitaries or county councils that have already high levels of ambition and history of investing in sustainable transport.



On the other hand, authorities that tended to miss out were more rural unitaries or larger counties with more dispersed populations and smaller teams dedicated to public transport.

DfT encouraged LTAs that did not receive any BSIP funding to implement any aspects of their plan that do not require new funding, such as creating a passenger charter and improved information. It also provided a further capacity grant for a dedicated Bus Enhanced Partnership Officer to help deliver such measures and appropriate training through the Bus Centre of Excellence. LTAs were also directed to other funding streams. Having an Enhanced Partnership in place (or working towards franchising) will also be required to access the Bus Service Operators Grant from other discretionary funds in the future.



# What needs to happen next

**It is vital that authorities that do not receive BSIP funding at this stage are not penalised but offered capability-building funding and support to overcome barriers they may face internally and locally.**

Capacity and capability issues across local authorities need to be suitably addressed or it is likely that they will continue to fall short. Those struggling with small teams require additional funding to recruit experienced professionals or to procure expert support when needed. The DfT should also work with training providers to design and deliver both full-length qualifications and shorter training to boost the supply of new graduates to the sector and to upskill existing team members.

Those LTAs that have tended to lose out on competitive funding in the past or to not apply at all need to be given enhanced levels of support. Through the Bus Centre of Excellence, DfT should provide more detailed guidance and feedback on developing competitive funding bids. Knowledge exchange and secondments from more experienced authorities would also be helpful.



In the longer term, moving away from the current fragmented, competitive way of funding will be essential to ensuring every community gets the bus service it needs and deserves. Funding needs to be restructured into a single pot for buses with long-term allocations given to all local authorities, with their disbursement conditional on achieving certain objectives. In addition, there should be a greater proportion dedicated to revenue funding to boost service provision and frequency and to improve affordability.



**£10 billion**  
is needed to fund all BSIPs but only

**£1.6 billion**  
has been allocated.

To make a material difference to passenger numbers, however, overall funding needs to be substantially increased. Some savings can be made by ensuring better value for money from planned large-scale infrastructure projects. But the Government should also reprioritise funding away from carbon-intensive transport to greener modes. For example, the £1.6 billion for bus improvements pales into insignificance when compared to the £27 billion roads investment budget. Reallocating just a fifth of the roads budget to buses would add another £5.4 billion to the transformation pot, going some way to supporting the improvement plans across all authorities.

**Buses are an essential public service. To ensure that no community is left behind, they should be treated and funded as such.**

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### Campaign for Better Transport, 2022

Campaign for Better Transport,  
7-14 Great Dover Street, London, SE1 4YR.  
[info@bettertransport.org.uk](mailto:info@bettertransport.org.uk)

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