

The future of bus provision in England outside of London

Purpose of report

For discussion.

Summary

The board will hear from the National Audit Office (NAO) who have concluded their Value for Money study into the bus industry outside of London. The NAO introduced the report at a board meeting last year and members asked that they returned with their conclusions. We will also hear the initial conclusions from Systra on the work the LGA commissioned them to undertake on councils' role in the future of public transport. Members will be able to comment on the initial findings in order to influence the final report.

Recommendations

That the board note the conclusions of the NAO and Systra reports.

Board members to reflect on NAO and emerging Systra research findings

Actions

Officers to work with Systra to reflect Board's views on the buses research

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Background

1. Public transport has a key role to play in addressing many of the social, economic and environmental policy issues that councils are seeking to address.
2. The rail industry has seen steady increases in passenger growth over the last two decades however rail journeys still only account for 21% of journeys by public transport. Bus is the dominant mode of public transport across England with 58% of journeys.
3. Passenger numbers in the bus industry have been in long term decline for many years with the number of bus journeys in England outside London falling by about [12% since 2008](#). As a result of reducing budgets many councils have also been forced to cut payments that support socially useful services since 2010. Before the onset of the pandemic local and national government support to the bus industry has reduced by an estimated £226m since 2010; this does not take into account the shortfall in funding in concessionary fares, which we estimated to be £700 million in 2019/20.
4. The COVID pandemic has decimated the business model of many operators with even the least affected routes only returning to around half of their passengers over the summer. The bus industry is facing a short-term crisis which has exacerbated its long-term decline.
5. The Government have said they are committed to producing a National Bus Strategy, which we are expecting this Autumn. They have also previously pledged to spend £5 billion on sustainable travel including active travel and buses (£2 billion has already been allocated for active travel). The additional investment on buses is expected to be split between investment in green buses, local infrastructure improvements such as road prioritisation and supporting services.

NAO bus study

6. The NAO have released their [value for money study](#) of the bus market in England outside of London. Officers from the NAO attended the board last year to brief on the scope of their study and hear initial thoughts from board members for areas their work could pursue. Their final report was published last week and concludes that the government should be more ambitious and strategic when attempting to increase bus patronage.

7. It noted that the Department collects data on buses and can show it has funded valuable improvements, but to date it has not sought to demonstrate how its actions have contributed to supporting optimal value for money across the bus system. If it is to work with and through others at central and local level, make informed choices about funding, and be able to adjust its plans to ensure it meets its objectives, it will need greater clarity on what it wants to achieve and how it will know when it has done so.
8. When they attended the board meeting last year board members asked that the NAO return to brief us on their findings. NAO officers will brief the board on their key findings in order to inform the discussion of future bus policy alongside the research the board has commissioned.
9. Key recommendations from their report include:
 - 9.1. a clear, consistent vision of the future of bus travel, that encourages and supports local authorities to make long-term plans for their own local needs.
 - 9.2. a detailed, transparent delivery plan with clear objectives, responsibilities and accountabilities for the Department and others.
 - 9.3. good quality data and measures of success.
 - 9.4. an active role in supporting local authorities to access evidence and experience to support improvement.
 - 9.5. the amount and form of funding, for both local authorities and operators, that is necessary to achieve the objectives of the bus strategy.

Systra research

10. In order to inform the LGA's own policy position we wish to examine what role councils wish to have in addressing this issue. What role do they currently have in arresting the decline of the bus industry and supporting decarbonisation, how does this role fit with their wider role in managing transport networks within their area? Is their ambition in this space constrained by a lack of financial resources and officer capacity or expertise?
11. We commissioned researchers from the transport consultancy Systra to undertake research with both local politicians and officers to understand these issues and present us with some actionable recommendations in order to influence the Government's upcoming bus strategy.
12. They have undertaken detailed interviews with members and officers from six councils chosen to represent a variety of different geographies, authority types and political control. They have also held workshops with specialist interest groups of both members and officers.

13. The consultants (speaker biography at para 20 below) will be able to present their emerging findings to the board meeting in order to facilitate a debate amongst our board members and how the board can use them to inform our policy positions and work on influencing future national policy including the anticipated National Bus Strategy.
14. Following publication of the Systra findings, the LGA will also host a webinar for LGA wider membership.

Implications for Wales

15. Public transport policy is a devolved issue.

Financial Implications

16. None

Next steps

17. Member comments on the draft conclusions will be fed into Systra's final report which the LGA will publish in the coming weeks.
18. The report will be published alongside further work publicising the findings amongst member councils. The work will also form part of our lobbying work on the Government's buses strategy.

Speaker biographies

19. **Antonia Gracie, Audit Manager, NAO.** A qualified Chartered Accountant, with 20+ years' experience leading Value for Money studies for the NAO, covering Transport, Cabinet Office and Treasury, Health and Cross-government topics including performance measurement and accountability. I have also spent time managing the internal quality assurance function for our VFM work, and providing training and support for overseas national audit bodies on "value for money" or "performance" audit.
20. **David Molony, Audit Principal, NAO.** Extensive experience of Value for Money studies for the NAO, on Transport, Defence and cross-government topics, among others. David led the fieldwork and analysis for the NAO's study *Improving local bus services in England*.
21. **Neill Birch is SYSTRA's** business director responsible for all their public transport consultancy activity in the UK and Ireland. He has over 30 years' experience in both consultancy and hands-on operations, and has worked extensively across 15 different countries, predominantly on projects associated with local buses having worked for two of the UK's largest bus operators before joining SYSTRA. He is therefore well-placed both to advise on future policy and strategy for local public transport whilst ensuring that emerging solutions are well-grounded in practical operations. For the LGA research he



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is responsible for providing overall project direction and providing insights for our recommendations.