



## Maximising the Benefits of Local Bus Services – report by KPMG for Greener Journeys and the Department for Transport

**Committee** Operations

**Date of meeting** 21 August 2020

**Date of report** 29 July 2020

### Report by Chief Executive

#### 1. Object of report

To inform the Committee of the publication of “Maximising the Benefits of Local Bus Services”, a report<sup>1</sup> by KPMG funded by Greener Journeys and the Transport Knowledge Hub of the Department for Transport (DfT). The report was published on 28 July 2020 and is attached at Appendix 1.

#### 2. Background

- 2.1 The report arose from the announcement in February 2020 by the DfT of £5 billion investment in bus (£3 billion) and active travel (£2 billion) in England over the next 5 years. Of the bus funding, the DfT has suggested that around £1 billion of the funding be spent on supporting investment in 4,000 zero emission buses. Greener Journeys commissioned KPMG to look at how the remaining £2 billion could be used to transform local bus services in England.
- 2.2 While the report relates to England – specifically not including London - it could be considered equally applicable to Scotland given the many similar issues facing bus markets in cities, towns and rural areas across the UK. Indeed, the report is timely from a Scottish perspective, and provides a useful input and insight into a range of matters, including the deep and on-going impacts of the Covid-19 crisis on bus, the developing Regional Transport Strategy (RTS), the Scottish Government’s announcement in their most recent Programme for Government of a £500 million bus investment package, and the emerging Strategic Transport Projects Review (STPR). Further, and of direct relevance to SPT’s bus operations responsibilities, it makes conclusions in relation to the importance of continued and increased funding of supported socially necessary bus services.

#### 3. Outline of proposals

3.1 Work undertaken in developing the report included:

- Analysis of key market trends and drivers of change, including fares, journey times, and service reliability;

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<sup>1</sup> <https://greenerjourneys.com/publication/maximising-the-benefits-of-local-bus-services/>

- Econometric analysis and benchmarking of varying bus patronage levels in different areas, taking into account their socio-economic characteristics;
- Deep-dive case studies of specific areas where patronage has increased to identify conditions for success; and
- A wide review of the positive impacts of investing in bus across various economic, social, and environmental sectors.

### 3.2 The key conclusions of the report are:

- An investment of £2 billion in bus networks in England outside London would generate 425 million new bus journeys per year by 2024/25, with all local authority areas outside London seeing at least a 20% increase in patronage;
- Every £1 invested in bus networks in England outside London would generate £4.48 in wider social, economic and environmental benefits;
- In order to 'level up' underperforming areas with the best performing areas in terms of patronage, 60%-70% of the £2 billion funding should be allocated to infrastructure projects and 30%-40% to support services and fares; and
- From a geographic perspective, in order to achieve the most effective results, 44% of the funding should be allocated to metropolitan areas, 44% to urban/semi-urban areas, and 12% to rural areas.

### 3.3 Furthermore, and of specific interest to SPT in terms of supported socially necessary bus services, the report's conclusions also state:

*"It is important to note that within these broad scenarios, the Department for Transport will need to ramp-down the special payments to operators to run services during the COVID19 crisis and ramp-up funding to local authorities to pay for an expected increase in 'supported services' before the benefits of capital investment in new infrastructure and vehicles take hold. It will also need to help strengthen the capacity and capabilities within local authorities to support the redevelopment of networks and services to meet changing passenger needs."*

### 3.4 From a Scottish perspective, the report and its conclusions provide an opportunity to stimulate debate on, and focus attention towards, the long term future of bus. This could include, for example, the creation of some form of forum or taskforce with that specific purpose, bringing together partners from across the public and private sectors.

## 4. Conclusions

The report is timely and provides hugely useful insight given the current and future uncertainties facing the bus market in the west of Scotland. The conclusions of the report serve to provide strong evidence for SPT and partners across the private and public sector in on-going discussions with Transport Scotland and others in regard to current future capital and revenue investment in bus. Officers will utilise the report in that regard, and in relation to the developing RTS, STPR, the £500 million bus investment package, and current discussions relating to the Covid-19 crisis. Moreover, the key point made in the report's conclusions regarding the importance of stronger support for subsidised bus services will further strengthen the case being made by SPT for such investment. The future of bus in Scotland remains a matter of significant concern, and it is essential that a co-ordinated and focused partnership approach is taken in attempting to revitalise the sector.

## 5. Committee action

The Committee is recommended to note the report.

## 6. Consequences

Policy consequences	<i>Will inform development of the new RTS.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None at present.</i>
Personnel consequences	<i>None at present.</i>
Equalities consequences	<i>None at present.</i>
Risk consequences	<i>None at present.</i>

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