Response from England's Economic Heartland

Transport Select Committee Call for Evidence on:

Buses Connecting Communities

Introduction

England's Economic Heartland (EEH), is the sub-national transport body (STB) for the region from Swindon and Oxfordshire through to Cambridgeshire, welcomes the opportunity to respond to the Transport Select Committee's call for evidence on 'Buses Connecting Communities'.

The EEH region's geography consists of relatively small cities, market towns and large rural populations. More than 35% of the population live in small market towns and their rural hinterlands, while none of the urban areas within the region account for more than 5% of the total population of over five million. This makes the way we plan connected communities very different from models that may have been designed with large metropolitan cities in mind.

The success of the rural and inter-urban bus network is critical to the economic and social well-being of the region.

Improving bus services is a priority for our Strategic Transport Leadership Board, a Board formed of elected Leaders and Portfolio Holders from each of our thirteen partner authorities. As such, EEH has prioritised a wide range of activity to try and identify the best approaches to delivering better bus services in the future. We have been recognised by the Department for Transport officials as a leading voice for our work on buses in 'polycentric' areas.

It is on this basis that EEH's submits our response to the Committee, addressing each of its queries in turn. The response set out is based on evidence collated across our advisory and policy work on buses[1], discussions captured through our Board, at our annual Bus Symposiums (attended by senior leaders from across the region) and regular discussions with the officers and members of EEHs Regional Bus Forum.

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[1] A regional bus strategy
Bus Symposium Programme
Total Transport
The Heartbeat Network
Bus Network Delivery Models
Bus Market Reform and Structural Considerations for the Heartland Region
Enhanced Partnerships

a. How the Government's proposed reforms of powers over buses in England, and recently announced funding, should take into account the particular challenges of rural areas and local authorities outside major cities, and how authorities in these areas can make best use of those powers and funding.

The new franchising opportunities announced by Government may appeal to more urban areas where services can operate commercially due to a concentrated, larger market, where authorities can generate revenue to fund the provision of franchised services.

Therefore, for several of our local transport authorities (LTA), franchising is not regarded as a "silver bullet". However, franchising models providing more flexibility could provide greater appeal to rural authorities. For example, joint franchises in which urban and rural transport authorities come together, allowing more substantive and higher density urban routes to support more rural and less dense journeys, or a micro franchise for single bus systems like a busway or bus rapid transit system.

EEH has also undertaken research which identifies the potential concept of 'shadow franchising' whereby existing commercial operators would automatically 'convert' to franchise contractors. In the short term, the network would continue to operate 'as normal' (albeit with the LTA assuming a regulatory enforcement role) and operators would be given a reprieve, including small/medium enterprises currently unfamiliar with franchising. This would allow more rural local authorities a lower cost of entry to franchising (in the first instance) significantly reducing the transitional costs by skipping a competitive tendering process as it would automatically 'convert' existing commercial operators into franchise contractors.

With regards funding, a multi-year investment strategy is essential for bus, as the current short term funding cycles make it difficult for local authorities to plan in the medium to long term, and obtain best value for money on contracts, irrespective of which model is chosen.

b. The effectiveness of recent Government policy in tackling declines in bus services.

Whilst Bus Service Improvement Plans (BSIP) and BSIP Plus funding has been welcomed by our local authorities, there remains a disparity in allocations, which means that opportunities to deliver better rural bus services, especially across authority boundaries, may not be possible.

The disparities risked creating unequal and confusing levels of services between neighbouring areas. This needs to be addressed and requires a substantive increase in investment/ funding for those areas which received more limited BSIP funding to 'catch-up' and address the decline in rural bus services.

For those local authorities who did receive BSIP funding in the EEH area, the inevitable focus tended to be where investment of funding was likely to have the greatest benefit in terms of pure passenger numbers, most commonly in poorly served urban areas or where missing inter-urban connections existed. The result of this was that there remains many rural and peri urban parts of the EEH that are very poorly connected.

At the same time, the restrictions of the funding to one year, instead of multi-years, meant that any major reforms or changes were limited as new services or improvements cannot be provided beyond one year.

Multi-year sustained funding is essential to ensure our local authorities and bus operators are able to plan for the longer term and ensure the sustainability of critical services for rural communities while stemming the cuts in services and seeking to increase patronage.

The provision of rural bus services is not just about providing transport from A to B, but rather an opportunity to address the loss of essential services to communities by providing public transport access to areas with shops, employment and services. These important social benefits, particularly and increasingly with shifts in the way services are delivered in rural areas, are not captured adequately in the current funding allocation and business case process for buses.

Buses are a lifeline, they offer access to services, economic opportunities and social interaction for many sectors of society. However, the traditional funding allocations process, and even more so competitive funding, failed to capture these wider benefits. The most recent BSIP allocations based upon a formula rather than a bidding process has gone someway to address this issue, but the value of buses – while measured in conventional transport benefits alone – will never sufficiently capture the role of buses in society. The way we look at buses requires a full re-think: something that could be achieved through the currently planned Integrated National Transport Strategy.

The current £3 fare cap (and previous £2) is considered by local authority partners as a positive response by government in terms of investing in buses. Not only by helping to support an increase in passenger numbers but by making it simpler and easer for passenger when buying tickets. To maintain this momentum, Cambridgeshire & Peterborough Combined Authority for example are funding locally their own £2 fare cap to provide a greater level of certainty for their travelling public. For the longer term, our partners are clear that the government and the bus industry need to align fare structures and caps with sustained investment, so essential bus routes and services are protected as and when the current £3 fare cap is reconsidered or withdrawn at the end of 2025.

c. How effectively bus services function as part of integrated multi-modal networks that improve mobility for people who live in areas with declining services.

There is a significant opportunity to integrate bus and rail services within the region: physically at interchange points or mobility hubs[2] , for example a rail station, with bus stops/services, shared micro mobility or car/van rental at single location; and also digitally by an integration of ticketing (multi-modal), journey planning data/platforms and timetables, for example under a one–ticket–one timetable-one-network banner.

EEH has been working with its local authority partners and transport providers to identify interventions and opportunities that can deliver better 'door to door' journeys for the traveling public, this includes identifying active travel, public transport links and mobility interchange hubs/sites to make it simpler for multi-modal journeys, including those from rural areas into existing and emerging rail stations to be undertaken.

EEH has undertaken data led research to consider which locations might be optimal as part of providing mobility hubs within the region and is engaging with businesses to understand how private sector investment in mobility hubs can be leveraged. An example location identified is Riverside Shopping Centre in Hemel Hempstead, which EEH is now working with Hertfordshire County Council to explore further.

Within the Heartland region, East West Rail offers a unique opportunity to improve and integrate bus services. The section between Oxford and Milton Keynes (including the new station at rural Winslow) opens this year and will be followed by extensions to Bedford and Cambridge by the early 2030s. Several of the existing and new stations served by East West Rail are in rural locations.

The success of door-to-door connectivity to East West Rail stations will be critical to its overall success. However, the way in which improved connectivity to stations will be funded (particularly outside of the station boundaries) remains unclear.

To understand better the opportunity for journey planning, particularly in a large rural area such as EEH, we are supporting a pilot in partnership with Bedford Borough Council and Journey Alerts on the deployment of QR code-based travel information system. The pilot covers both urban and rural locations, the outcomes of pilot are now being considered and will be available in April 2025.

Local authorities within the EEH region have suggested that these integration opportunities will only be fully realised if the required funding is available and the differing transport providers (bus, rail etc) are required to work together to integrate services, ticketing or physical infrastructure. The government's rail reform agenda and the

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[2] A mobility hub brings together shared transport with public transport and active travel in spaces designed to improve the public realm for all.

establishment of Great British Railways is an opportunity for bus and rail, and it is essential that the aspiration for cross modal integration is built into both bus and rail reform proposals from the outset.

d. The social and economic impacts of poor connectivity on access to education, healthcare, employment, and social inclusion in communities, as well as on the economy of towns and villages.

Buses are the lifeblood of communities within the EEH region, with over 130 million miles of passenger journeys being made by local buses in the region in 2023.

Collectively, however, it has been recognised, by our local authority partners that bus services – particularly those outside our major towns within the region – have seen a decline, accelerated by a slower recovery from the impact of COVID-19 and changing work patterns.

The impact of diminishing bus service has had a disproportionate impact on rural areas within the region.

Rural bus services often, due to length of routes and the smaller population catchments, operate as non-commercial, either fully subsidised or partially subsidised services. With increasing financial pressures on local authorities, many rural buses services have either been withdrawn or reduced in frequency or routes have been shortened, reducing the communities that they serve.

The level of service for rural buses varies widely throughout the region and where services are available, they are often infrequent, off-peak and are focused on the nearest large town, limiting routes and destination options.

This lack of connectivity can lead to social isolation and exacerbate rural deprivation, especially for the elderly, young, non-car drivers and those with mobility issues as it makes it difficult for people to access essential services, employment, and education opportunities. Residents in rural areas within the region, as nationally, often have to rely on private cars, due to the limited public transport options.

However, investment in buses and their rural networks can help address many of these challenges; by connecting our rural communities with more urban centres or key mobility hubs, they enable our residents to be more economic and socially active so they can access education and essential services (such as shops and health facilities). Provision of bus services contributes to multiple objectives including improving health and mental health objectives through providing independence, supporting individuals to participate in social and leisure activities.

Our rural areas also suffer from poorer road and public transport infrastructure. Lack of waiting facilities, footways to access bus stops and rural roads and bridges for example may not be as well-maintained as

those in urban areas, leading to safety concerns and higher maintenance costs for vehicles operating rural services.

While urban areas within the region have seen benefits of technological advancements in transport (electric vehicles, e-bikes etc), rural areas have lagged- behind. In the most part private firms who provide many of these new transport services, choose to serve the more profitable routes in higher density urban areas, with less regard to being more inclusive to the needs of rural populations.

The social and economic costs of poor rural bus connectivity are well documented, for example Campaign for Better Transport have published several reports on the issue. Improvements to regional bus connectivity, can also help drive economic growth. We are currently producing a report which examines the economic impact of buses within our local authorities, for example how much bus users spend on the High Street. This will provide greater understanding of the impact of bus in specific rural areas and is expected to conclude in March 2025.

e. The effectiveness of current funding models and governance structures in enabling local transport authorities and commercial operators to improve, sustain and keep bus services outside major metropolitan areas affordable, and the potential effectiveness of alternatives.

Securing long term funding for transport infrastructure and services is the key challenge identified by our local authorities for delivering transport in rural areas.

The relative high cost of providing rural services and the lack of funding often results in underinvestment in their rural networks. Although the change in powers is welcomed, it will not necessarily provide the sustainable long-term funding needed to deliver improved rural bus services.

Moreover, an increase in employers National Insurance, the freezing of fuel duty on private motorists and increase in the fare cap from £2 to £3 pound is likely to increase rural bus fares and/ or reduce service levels due to the finite level of funding available to support such services.

Several of our local authorities have considered a 'minimum level of service' for rural areas, with the level of service being defined depending on location and population. However, without clear long term funding confidence, this has been difficult to consider fully. The forthcoming Buses Bill, does seem to put the needs of all passengers (and bus drivers) at the centre of the legislation (by considering passenger/driver welfare and issues over anti-social behaviour and violence against women and girls) which our local authorities see as a positive step to raise the challenge over maintaining and improving rural bus services which are considered as providing more of a socially responsible benefit than revenue generation.

f. Evaluating the potential of alternative service models, including Demand Responsive Transport (DRT) and community transport, and other innovations or technologies which could support or replace buses serving less populated communities, and what steps the Government should take to support them.

Within the EEH region, there are currently several local authorities operating DRT services, including MK Connect (Milton Keynes City Council), PickMeUp and Village Connect (Buckinghamshire Council), HertsLynx (Hertfordshire County Council), TIGER on Demand (Cambridgeshire and Peterborough Combined Authority) and Shireconnect (North Northamptonshire Council).

These schemes all vary in size and are being delivered over varying density of demand but are all based upon complementing and expanding the entire transport network (both rural and urban) and looking to improve access for those who rely on public transit. Previous schemes in Oxford (PickMeUp) and Watford (Arriva Click), were withdrawn by their operators due to lack of commercial viability and the end of support funding, but do still provide valuable insight on the challenge of operating on demand services.

A key finding for the local authorities involved is that no 'one-size-fits-all' solution exists and for schemes to be successful requires a considerable amount of local knowledge, partnership, an understanding of its impact on existing bus services/routes and additional funding due to the higher costs per passenger than average fixed routes costs.

In the long-term, DRT (like any bus service) needs its usage to grow, its costs minimised, while offering high quality and convenience (compared to before), to reach out to new markets. The reason for investing in DRT must be clear: perhaps to serve a new or growing area, to replace supported bus services, or to provide connections to a destination at times when bus services do not run, to achieve growth and modal shift: not for 'innovation for innovation's sake.

For example, DRT supported by North Northamptonshire plays a bespoke part in their overall provision of its tendered bus network. They have not found the cost of DRT prohibitive, through working with innovative Community Transport operators using Section 22 permits to provide registered bus operation, (as opposed to Section 19). This allows the operation of services to be accessible to those on concessionary passes and through the provision of information through established platforms.

Colleagues in North Northamptonshire Council believe there is potential to support or replace (larger, fixed route) buses serving less populated communities with alternatives such as DRT. They suggest that national legislation and regulations could be updated to better support alternatives. For example, this could include the provision of a registered local bus service not by a bus, but by a smaller vehicle under 16 seats or

even more appropriately under 8 seats, this could be allowed under 8 seat operation of Section 22 for Community Transport and be more explicit on the use of *taxibus* operation. This should also be aligned to allow non – PCV drivers to drive registered local bus services – when those vehicles are under a certain weight or capacity (16 seats).

An underweighted area of policy and legislative action identified by our local authorities is the relationship between home to school transport and local bus provision. As an example, North Northamptonshire Council has a core buses budget that is around 7% of the entire home to school budget. This means the home to school budget therefore dominates the supply curve which determines the viability of rural transport. Also, the ability granted by the 1980 Education Act for schools to set their own session times has had an impact on carbon emissions, social inclusion and local authority budgets.

Local authorities previously had the ability to set times to design the most effective transport solution which means that provision could serve up to three schools in one day. Partners understand that the discount for the purchase of a second or third school journey on a contract can be between 30% and 70%. The home to school policies of local authorities has a significant impact on provision in other ways including the type of vehicle and the availability of non PCV driver provision.

A further example provided by North Northamptonshire Council, is that it has successfully moved some of its school passengers from home to school provision onto public transport including DRT services. The resulting public funding which follows the student has resulted in the positive effect of a reduced impact of a home to school, and an increased farebox on passenger services. They have suggested that this makes DRT services more financially viable and offers students access to the breakfast and after school clubs through a timetable that runs from 07:00 to 19:00.

The authority is keen to explore a trial that allows schools and local authorities to work together to align start and finish times for clusters of schools to make savings on transport provision costs which can be passed onto the schools (for after school provision) and the local authority revenue budget.

Some of the most effective solutions for the decline in rural bus services has come from the volunteering sector with rural bus services being replaced by community run transport. Examples of these are Risborough Bus and Winslow Bus. These run timetabled scheduled services on fixed routes but are reliant on funding and volunteer drivers and usually serve off-peak more leisure focused trips.

Local authorities within the region are currently exploring the concept of 'Total Transport', supported by EEH to understand the challenges and opportunities of combining transport services across multiple providers,

including the NHS, home to school/ SEND, commercial/ supported bus services providers and community transport. Once again, several challenges have been found such as maintaining robust engagement across differing sectors to 'silo' working and budgets within organisations. EEH with its local authorities are currently undertaking further work to investigate further total transport, but from our initial [work](#), the opportunities are worth taking forward.

Further, EEH has considered other supporting transport interventions to help deliver bus services and has produced [guidance](#) for its local authorities on bus networks, which includes a comparison of different bus network design options, from traditional point-to-point routes to DRT.

This has also included considering asset-free DRT, by leveraging ride-hailing platforms (e.g. Uber and Lyft) to expand service coverage, particularly in rural areas to potentially reduce the long-term costs for DRT delivery.   These software platforms permit shared minicab rides to be discounted, for example using virtual vouchers, and can include subsidies to reduce costs to users.

EEH's evidence suggests that in an area such as EEH, 'asset-free' DRT (preferably incorporating Community Transport and other passenger services) is an important option in terms of viability as it incurs minimal operator costs for the local authorities beyond the software, training for drivers and security checks. Initial discussions have been held with providers such as Uber to fully understand the opportunities and challenge of developing and deploying such a service within the EEH region.

In addition to DRT, one of the main conclusions from EEH's work is that a regional bus network (the Heartbeat Network) that focuses on key regional corridors would be an important part of improving connectivity, working with DRT and hubs for links with 'last mile' transport. This approach could support asset-free DRT as well, particularly in rural areas to potentially reduce the long-term costs for DRT delivery.

g. How successful Enhanced Partnerships (EPs) have been so far in improving bus services outside major urban areas, whether franchising is likely to provide a better framework for these areas, and whether there are alternative models worth exploring.
EEH has recently published several technical reports to provide local partners within the region with guidance and advice, for example on bus market reform, including enhanced partnerships, franchising and municipal ownership. The reports detail the strengths, weaknesses, opportunities and threats of each.

The report concludes that enhanced partnerships are likely to be the most viable operating and improvement model for most local authorities within the EEH region. However, franchising is more likely to deliver transformational change, hence EEH authorities such as the

Cambridgeshire and Peterborough Combined Authority are proposing bus franchising as compared to an enhanced partnership to make these changes possible.

EEH (with partners) have produced a [summary document](#), which provides shared experiences and views of local authorities from the South East of England on Enhanced Partnerships (EPs). The document sets out key benefits (building relationships between local authorities and operators, improved engagement and governance, established a regulatory framework and provides an alternative to franchising) and long terms ambitions (service and infrastructure improvements, making fares more affordable, streamlining bus services and integrating bus services with land use planning).

In a polycentric region where there are limited bus operators that provide services across the region, some operators find themselves in EPs with several authorities creating an administrative burden and conflicting priorities. It is also a challenge to get smaller operators to sign EPs as they feel they do not have the same voice as larger operators and feel the opportunities to compete commercially are restricted. This could be addressed through regional or multi-authority EPs. There could be a role for STBs in overseeing EPs across the region.

More broadly, our local authority partners see long-term, stable funding as critical to enabling them to effectively plan and prioritise schemes and implement long-term ambitions to improve their bus network.

An example in Buckinghamshire is where a long-term commercial provider pulled out of running services due to closing a depot due to cost saving, however they still only provided the statutory minimum notice despite an EP being in place.

As discussed above, franchising may not always be the right solution for all our local authorities, especially those with more rural communities. Our local authorities have built strong relationships within the existing framework of EPs and hope that support and funding should remain to build upon these partnerships. Most of our partners see a change in regulation as an enabler, with funding to improve frequency and speed of services as the key rather than how services are governed in a partnership or franchised environment.

h. How well policy, funding and oversight of bus services allow services that straddle rural and non-rural areas, and local government boundaries, to be managed.

In polycentric regions such as EEH where there is no one large urban destination, with several smaller unitary authorities, cross boundary services are essential and key to providing accessibility across the region.

Within the EEH region rural and urban areas have different transport challenges. In our rural areas, lower densities make it challenging to

deliver a comprehensive network of commercial scheduled bus services, yet bus services are essential for people within rural communities to access services. Most services within the region that cross boundaries are based upon either commercial or supported by individual local authorities, with responsibility being taken on by an operator over several authority boundaries.

More work needs to be undertaken to coordinate on how these cross-boundaries services are funded, managed and operate. A good example of this is the X5 Oxford to Bedford service being funded through Section 106 funding from different local authorities along the route.

However, this is the exception with few longer interurban bus trips on offer. To address this challenge EEH with its local authority and transport partners have undertaken work to develop a concept of a regional bus network the Heartbeat network (see image below).
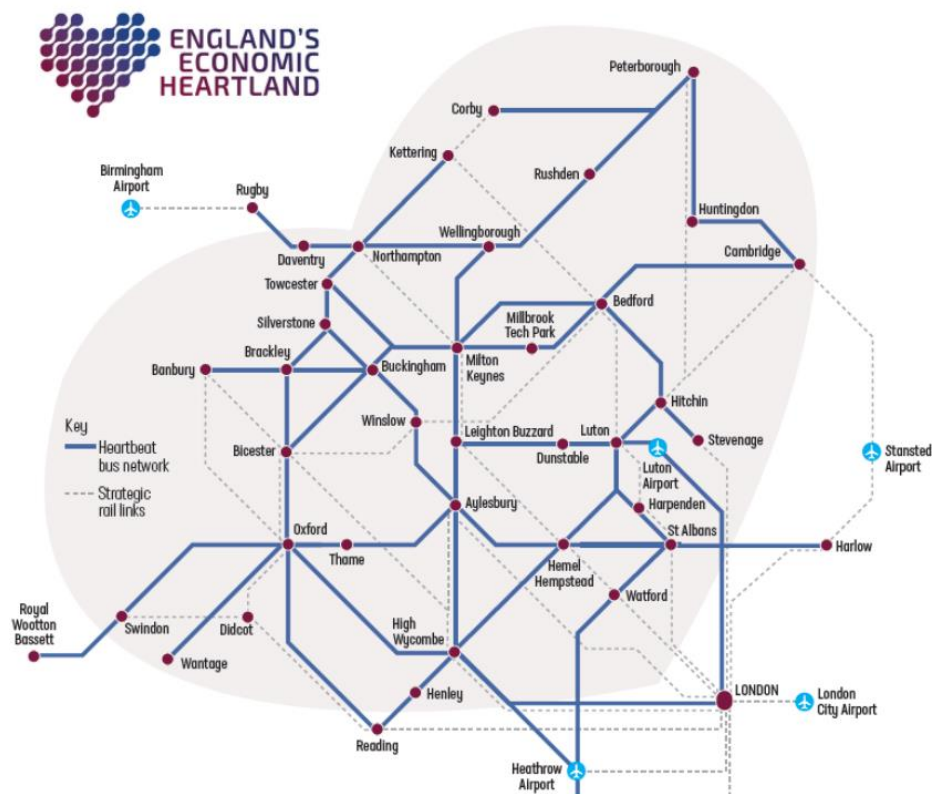
This work is currently being developed further, to understand the viability, funding, oversight and governance arrangements (including which delivery mechanisms, such as joint franchising, regional EPs etc) would be required to deliver more of a regional bus network. The outputs of this work will be available in the coming months and can be shared.

The more immediate issues for our local authorities and operators to better coordinate their cross-boundaries bus services, is the availability of long-term funding, robust journey data which can be shared to improve

overall passenger experience and ticketing options so you can purchase a single ticket the covers multi-modes and geographies.

Also, information about reliability of services is not shared on a regional scale or local scale, bus services are often cancelled, delayed or disrupted due to the challenges of coordination between local authorities and bus operators regarding roadworks, road closures and diversions. This affects public journeys, damaging public confidence and discouraging bus usage. If the current situation remains the more 'piece meal' approach to cross-boundary services will continue, which does not benefit the travelling public.

England's Economic Heartland
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