

Written evidence submitted by Liverpool City Region Combined Authority (BUS0058)

Introduction

The Liverpool City Region Combined Authority welcomes this opportunity to respond to the Transport Select Committee's call for evidence on the implementation of the Government's national bus strategy, Bus Back Better, and the challenges the bus sector faces as it recovers from the pandemic.

The Mayoral Liverpool City Region Combined Authority was established in May 2017, following the election of Steve Rotheram as the City Region's first directly elected Metro Mayor. The Mayoral Combined Authority draws on powers and funds made available through the 2015 Devolution Deal and follow-on deal in 2016. These powers and functions include:

- strategic transport planning, including devolved powers over local bus and rail networks and strategically important local roads;
- economic development and regeneration, housing and spatial planning, and the development of a statutory Spatial Development Strategy;
- powers over a devolved and consolidated multi-year funding package; and
- cross-cutting priorities around the low carbon economy, culture and fairness & social justice.

The Liverpool City Region Combined Authority has declared a climate emergency, with the aim of achieving net zero by 2040. As part of this, increasing levels of bus travel is seen as critical; although increased home working and active travel have roles to play, greater use of public transport for both local and long-distance journeys is essential.

Challenges facing the sector as it recovers from the pandemic and the effectiveness of steps taken by both Government and stakeholders in response.

The bus sector was very badly hit during the pandemic, in line with the service sector in general. The *work from home* directive along with the numerous lockdowns saw passenger numbers on buses dropping substantially. As it began to recover, the onset of the Omicron variant and reintroduction of the *work from home* guidance meant that at the start of 2022, bus patronage

nationally was still only around 70% of pre-Covid levels (Figure 1), and exacerbated by bus driver shortages due to Covid:

Figure 1: Bus travel in Great Britain (excl. London) during the pandemic



Source: Department for Transport (2021), Domestic transport use by mode: Great Britain since 1 March 2020

In terms of promoting public transport, lessons must be learnt with respect to unhelpful central government messaging with respect to bus. For example, the advice given in May 2020 actively encouraged use of private cars over public transport, with the Department for Transport suggesting that people had a “*civic duty*” to avoid public transport if at all possible, which could easily have embedded poor habits and behaviours, and may have set LTAs back for years in their endeavour to promote public transport. As public subsidies now continue to be required in order to sustain the viability of the bus network, this must be reinforced by consistent messaging to actively encourage greater use of buses, and to support the repurposing of streets and public places, to prevent a modal shift away from public transport to cars.

Capacity constraints and reduced demand on the bus network during the pandemic have resulted in a commercial bus network that is broken, and in the longer-term, government funding coupled with greater local control and influence will be needed to ensure that the network continues to support economic recovery and to be able to continue to provide even a basic level of service. Further bus reform will be required, not least devolving bus funding support to Combined Authorities with accountable metro mayors, alongside additional revenue support to sustain services.

In 2018, in recognition of the inherent failings of the deregulated bus market, and in response to the additional powers made available through the Bus

Services Act 2017, the Liverpool City Region Combined Authority commenced a detailed evaluation of the options available under the Act to reform the City Region's bus services. Having commissioned an initial analysis in 2020, and in consideration of the potential benefits of each available option and of all the powers and obligations under the Act, the Combined Authority has established Bus Franchising as the preferred option.

Bus franchising provides the greatest degree of public sector influence over the bus offer and would allow the Combined Authority to specify the network, set the fares and control the fare policy. Under the current operational model, the public sector locally provides around £65 million per year to support bus operations in the City Region but has very little meaningful influence over factors such as network coverage and pricing strategies.

Progress against the ambitions and targets set out in national bus strategy including the effectiveness, pace and priority of the strategy's implementation.

At its launch, Bus Back Better fully acknowledged the role of local buses in improving social cohesion, and the need to avoid a car-led recovery. It recognised the importance of buses to support net zero, with the modal shift from cars to electric and hydrogen buses, maintaining levels of mobility, whilst reducing the overall number of vehicle journeys (and the associated harmful emissions), thereby addressing congestion. LTAs were also expected to publish a Bus Service Improvement Plan (BSIP) to outline their plans to make travelling by bus as attractive as possible. The incentive for this was a share of the hefty £3bn allocated to the initiative.

But in the Spending Review of December 2020, it became clear that whilst there was a need to drive transformation of bus services, with substantial sums allocated, *"this funding will be drawn down in the first instance for any further COVID-19 support that may be required, while progressing reform to deliver better outcomes."* Recent reports have since indicated that BSIPs may now only be allocated £1.4 billion rather than the original £3bn, which has simply added to the uncertainty facing regions and bus operators. And this at a time when fuel duty has been cut by the Chancellor¹, which will serve to make private motoring more attractive and affordable.

The LCR BSIP was published as a statement of the LCRCA's bold plans to deliver radical improvements in bus services across the Liverpool City Region², but

without funding, it cannot deliver on these ambitions. Furthermore, with respect to bidding for funds, a report³ commissioned by the Urban Transport Group in 2020 was highly critical of such *beauty contests*, and the creation of *winner*s and *loser*s. Competitions that test MCAs, unitaries and counties against one another singularly unhelpful, and are “*a major drain on limited available staffing which could be far better deployed as part of a longer-term strategic approach to urban transport planning and delivery*”.

Added to that, the additional recovery £150m funding announced in March 2022 is “*dependent on local areas and operators co-designing a financially sustainable and passenger focussed public transport network, that works for changing travel patterns post-pandemic*”. It is inevitable that this will lead to a reduction in the level of service provision, with the less sustainable margins of the commercial network the most likely to be cut. The reality of the pledge to Bus Back Better appears to be that the promise of cash to improve and expand services has been overtaken by the need to adapt to an anticipated future of falling revenues.

The LCR continues to progress bus reform, as noted above, having identified bus franchising as the preferred model, following an independent assessment of franchising of services as permitted by the Bus Services Act 2017⁴. Bus Reform is seen as an integral part in fulfilling the aspirations and objectives set out in our BSIP, but without funding, there is a risk it will fall well short of its promise.

Innovation in the sector, including examples of new methods that have been trialled successfully.

We recognise the importance of Transport Demand Management and communications and messaging around when and how to travel (including the avoidance of travel or promotion of homeworking where possible). This is critical, to spread the peak times with the shoulders of the peak to provide greater capacity to meet demand on already constrained bus services. Allied to this too is the value of accessing real-time data, including data available nationally in the form of anonymised mobile phone data, for example, to understand trip-making patterns in the depth needed to meet customer demand.

Flexible ticketing is also critical, given that changing work patterns has resulted in many people, especially office workers, now working *hybrid* arrangements

with a mix of working from home and being office based 2-3 days a week which makes traditional season tickets less financially beneficial. This is in addition to the need for a fares system that is simple to use and easy to understand, and fares reform will be central to supporting travellers back on to public transport by making it an attractive commuting option, and so kickstarting the economy as the country emerges from the travel restrictions in place due during the height of the pandemic.

Significant funding should be made available to support the roll out of extensive bus priority, in order to make the network more attractive and reduce the inefficiency currently built in as a result of congestion. This is needed to deliver improvements to bus users through more reliable and quicker bus journeys, better customer facilities, better access for customers and improved information on key commuting corridors. The lack of clarity over the funding of BSIPs, which advocated much greater use of bus priority measures is clearly exacerbating this, and funding allocations should have been timetabled to complement CRSTS funding. And clearly innovation has to be at the heart of this, to look at other forms of bus priority, rather than simply putting in bus lanes; these are often only deployed where there is already adequate space, and thereby not addressing the cause of delay and unreliability.

Bus funding over the short and long term

The funding provided by government at the onset of the pandemic, firstly through the Covid-19 Bus Services Support Grant (CBSSG) which provided £1.4 billion to address the lost revenue due to reduced patronage, and followed by the Bus Recovery Grant, providing a further £226.5m since September 2021, was much needed and welcomed by the sector. But the assumption that passenger numbers would recover to pre-Covid levels meant this funding was due to end in March 2022, causing a great deal of uncertainty and an expectation that a sustainable number of services would have to be cut. And this uncertainty could have been avoided, given the inevitable U-turn on funding⁵. And indeed, it is likely that further funding will inevitably be required after this emergency funding ends in October, as it will still lead to a cliff edge with service cuts. Furthermore, such funding streams should come to Combined Authorities, not operators, since they are best placed to take strategic decisions on a network wide basis.

The lack clarity over the true allocation of funding to BSIPs, as identified above, is perhaps one of the biggest obstacles to delivery on the ambitions of Bus Back Better. DfT's August 2021 guidance on the City Region Sustainable Transport Settlements (CRSTS) was clear that it was intended to *"sit alongside other local funding streams, such as our £5 billion commitment for buses and cycling and our £4.8 billion Levelling Up Fund, which will still be available to these 8 regions"*. The clear implication of this is that CRSTS funding could have been expected to be in addition to the £3bn for Bus Back Better. At the time of developing this evidence, there still remains no clarity on the scale or otherwise of the BSIP funding bid, four months after the bid was submitted.

It has been well documented that public support for bus services is excellent value for public money in that it delivers a range of indirect benefits, from cutting the costs of congestion to business to getting people off benefits and into employment. The bus is one of the best ways of increasing access to life opportunities, and modal shift from the car. The government's Transport Decarbonisation Plan states that *"The scale of the challenge demands a step change in both the breadth and scale of ambition, and we have a duty to act quickly and decisively to reduce emissions"*. The Urban Transport Group's Metropolitan Bus Model⁶ shows that if revenue funding were to remain at pre-pandemic levels then service levels and patronage would remain well below pre-pandemic levels. The objectives of Bus Back Better would not be met, and the decline of the urban bus would continue. It also shows that if revenue support for bus services in the six largest city regions increases by between £1.7 billion and £2.3 billion a year above pre-pandemic levels, then bus networks could be significantly expanded to serve more places and to provide better services on existing routes. Fares could also be reduced, which would drive a growth in patronage of between 15 and 34 per cent by 2026/27, meeting the key objectives of Bus Back Better.

Decarbonisation of the sector and modal shift from other forms of transport

Government should provide support to roll out alternative fuels, such as our programme that has the potential to make Liverpool City Region the foremost centre of hydrogen-based economic growth in the UK, encompassing the following strands:

- To create a viable in-land Hydrogen Port, which would generate enough power to create a sustainable 3,000 tonnes p.a. supply of green hydrogen for use across industry, transport and domestic consumption.
- To deliver a network of at least eight zero-carbon refuelling stations (hydrogen and electric charging) across the City Region by 2025 to serve a growing market for hydrogen powered transportation.
- To roll out a fleet of locally funded hydrogen powered buses, with the overall ambition to decarbonise our bus fleets by 2030.
- To replace all methane with hydrogen from the City Region's gas grid by 2035.

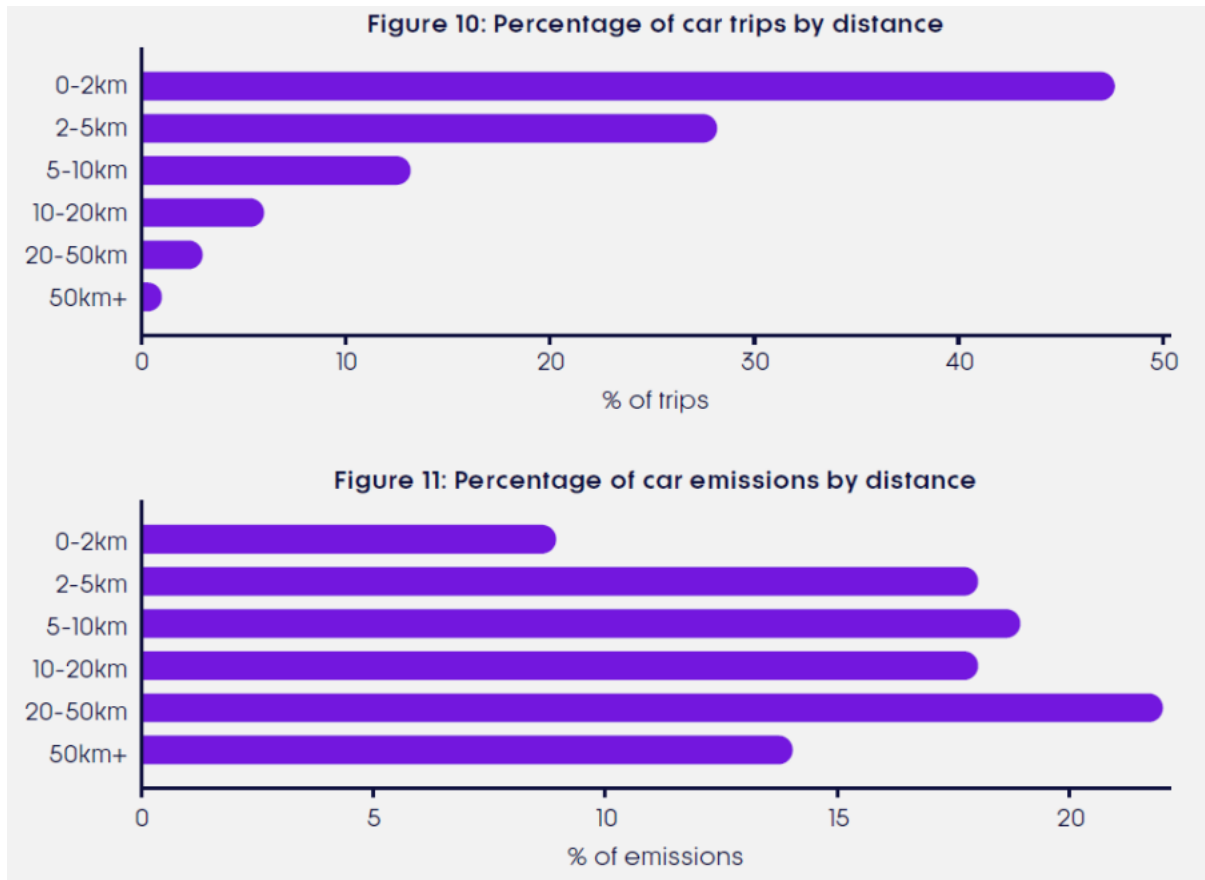
The LCRCA has recently ordered 20 new hydrogen buses, funded through the Transforming Cities Fund. The Enviro400FCEV fleet will be publicly owned and will be used initially on service 10A between Liverpool City Centre and St Helens, one of the LCR's busiest routes.

The Enviro400FCEV utilises a Ballard fuel cell and the Voith Electrical Drive System, and the manufacturer has *intelligently packaged* the hydrogen tanks and other key components to balance weight and optimise internal space, with a range of up to 300 miles being anticipated. It is hoped that the 20 Enviro400FCEVs will kickstart the region's use of hydrogen as a fuel in transport and is a central tenet of our net zero carbon by 2040.

Construction of the necessary fuelling facilities, which will be the first of their kind in North West, England, is due to commence later this year. The LCRCA did have aspirations to increase it's the size of the fleet to 40 through a bid to the Zero Emission Bus Regional Areas (ZEBRA) scheme. However, as this bid has not been successful, officers will work with government and DfT officials to understand how the LCRCA's vision can best be realised. But again, this reinforces the point that competitive bid processes are unhelpful, given the need to commit to investment in infrastructure and vehicles early in the development phase. It is unlikely that bus operators will meet the government objective of deploying 4,000 zero emission buses due to a medium-term lack of capex – the LCR hydrogen bus leasing model is a way of the Government accelerating this commitment in line with its own objectives.

A key lesson that emerges from the Transport for the North analysis in their Transport Decarbonisation Strategy⁷ is that although a majority of car trips are made over short distances, when converting this to carbon emissions it is

longer distance trips that are something of a cause for concern and why modal shift is essential.



April 2022

Endnotes

¹ [Temporary Cut to Fuel Duty - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

² [City region bus services set for shake up | Liverpool City Region Combined Authority - News \(liverpoolcityregion-ca.gov.uk\)](https://www.liverpoolcityregion-ca.gov.uk)

³ https://www.urbantransportgroup.org/system/files/general-docs/Urban%20Transport%20Group%20-%20The%20Local%20Transport%20Lottery%20FINAL_0.pdf

⁴ <https://moderngov.merseytravel.gov.uk/documents/g7017/Public%20reports%20pack%2004th-Mar-2022%2013.00%20Liverpool%20City%20Region%20Combined%20Authority.pdf?T=10>

⁵ [Over £150 million provided to safeguard local transport services as the country emerges from the pandemic - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

⁶ [Bus revenue funding case 2021 FINAL.pdf \(urbantransportgroup.org\)](https://www.urbantransportgroup.org)

⁷ <https://transportfornorth.com/decarbonisation/>