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# **Bus Policy: a five-point plan for growth**

September 2012

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# Foreword

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There's a reason everyone's talking about transport infrastructure at a time of economic uncertainty: movement on the network, and particularly roads (80% of journeys in the UK), is not just a bellwether of economic activity – it drives economic growth. We've all been thinking about how to re-balance our economy, create more connectivity, revitalise our communities.

What this report does is articulate the role of buses within this. It reminds us that buses play an important role in supporting our towns and city centres. Indeed, more people access the high street by bus than any other mode – 40% of trips to the high street are made by bus, as opposed to 30% by car. At a time when the government is so keen on revitalising our high streets – taking forward many of the Portas review recommendations – we mustn't forget the role buses play in this regeneration.

What we're seeing from government is a really welcome focus on trains and planes, but it feels like we're missing a part of the story – roads. We need thinking that is more holistic, that creates all this connectivity and integrated transport networks so that we can all seamlessly transfer between cars, buses, trains and planes. This requires a transport strategy that takes into consideration the bus network and how buses link into other forms of transport.

What this report has helpfully done is bring this into focus, highlighting the significant economic contribution of buses, both in terms of the industry itself, as a significant employer, and the connections it creates.

**Rhian Kelly, Director for Business Environment  
Confederation of British Industry (CBI)**

# Executive Summary

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In these difficult times we need to exploit the potential of the bus to support the UK economy and to help drive economic growth. The Government's *Plan for Growth* highlights a number of objectives which would be greatly assisted by full consideration of the important contribution buses make to the wider economy.

One of the Government's top priorities for investment is to improve our infrastructure, as part of the objective "to provide the power, communications and transport links that underpin a modern, low carbon economy". We welcome the recent attention that has been given to buses through the Local Sustainable Transport Fund and the Better Bus Areas Fund, but we feel much more could be done particularly at the local level. The Government has made significant commitments to enhanced transport infrastructure. However, there have not so far been comparatively significant investments in bus infrastructure, in spite of the fact that **more than 5 billion bus journeys are made every year**. In view of the urgent need for more capacity this feels like a missed opportunity. Bus infrastructure costs are a fraction of the costs associated with the other modes, and additional bus capacity can be implemented very quickly.

## Fostering the UK workforce

More people commute to work by bus than all other forms of public transport combined and **bus commuters generate £64 billion in economic output**. The important role of the bus in supporting the workforce cannot be over-estimated, and from the employer perspective bus services help recruit and retain a workforce with the right skills.

- 1 in 10 bus commuters would be forced to look for another job or give up work altogether if they could no longer travel to work by bus.
- Buses assist labour market efficiency: 400,000 workers are in better more productive jobs as a direct result of the bus, and the additional economic output they produce is £400 million per annum.
- Buses make it possible for large numbers of workers to travel to areas that would be otherwise inaccessible, or where parking is scarce and (as with major retailers) needed for customers. 85% of ASDA's employees, for example, commute by bus.

## Stimulating business growth

A key objective set out in the Government's Plan for Growth is "to make the UK one of the best places in Europe to start, finance and grow a business". For this to be achieved there needs to be a greater recognition of the support buses provide to businesses by giving employers access to wide and diverse labour markets, as well as increasing connectivity and reducing congestion. Many businesses also rely on the bus to allow their customers to access their site. **People use the bus to make shopping and leisure trips to a value of £27 billion, £22 billion of which is spent in our towns and city centres.** More people access the high street by bus than any other mode (bus 40%, car 30%). Measures to support thriving town centres and build on the Town Centre First policy will need to factor in the role for the bus in re-invigorating our high streets and city centres and in supporting our retail and leisure industries.

## Nurturing education and training

Bus is a vitally important facilitator of education and training, and of the economic productivity of the labour force. One of the Government's priorities in terms of providing the right conditions for growth is to create "a more educated workforce that is the most flexible in Europe". The UK's working age population has lower skills than the workforces in France, Germany and the USA, which is cited as a major contributing factor to the 15% productivity gap with the UK's main competitors, and this is in spite of the fact that the UK adult education system is one of the most advanced in the world. If this gap is to be addressed the crucial role the bus plays in providing access to education needs to be recognised. **More than 50% of students over 16 are frequent bus users.** The bus supports socio-economic mobility, and helps people to up-skill and enter more productive jobs. 30% of those who are dependent on bus services to access their education and training courses live in the top 10% of the most deprived areas in Great Britain.

## The need for change

Not only has the bus sector so far failed to attract the investment seen for the other transport modes, the adverse implications of reduced Government support for buses are potentially very serious. A quarter of bus commuters have turned down a job because of lack of frequency or availability of a bus service at some point in time, and 11% of bus commuters have been forced to turn down a job in the last year. More than 50% of bus commuters feel that a better bus service would give them access to a better job. **Young people are more reliant on bus services than any other demographic group: more than half of 16-19 year olds are regular bus users** and a fifth of 16-19 year olds use the bus to commute to work. Bus cuts could seriously compromise the success of the Government's Welfare to Work policy and apprenticeship drive.

The emphasis of current measures to promote growth reflects an insufficient appreciation of the value of the bus in socio-economic terms. This is why Greener Journeys commissioned the University of Leeds, Institute for Transport Studies (ITS) to undertake an analysis of the contribution the bus makes to the wider economy. The *Buses and Economic Growth* report, published earlier this year, looks specifically at the indirect benefits of bus travel and fills an important gap in knowledge and understanding. It has also provided Greener Journeys with the foundation for a set of recommendations, developed following extensive consultation with the business community.

### Our five-point plan

Our five-point plan is designed to maximise the potential for the bus to support the UK economy and to facilitate growth. Not only will this involve greater focus on and investment in buses, it will also require the active participation of all key stakeholders including bus operators, local and central government, employers, retailers, Town Centre Management Groups, Local Enterprise Partnerships and other business groups. Our plan will also necessitate more joined up thinking on the role of the bus in supporting the economy across different Government departments covering transport, business, work and pensions, education, health and local government.

1. Creating the right public policy framework
2. Meeting the needs of bus passengers
3. Supporting the bus in its vital role in the labour market
4. Enabling businesses and local retail economies to benefit from bus services
5. Building strong alliances across bus operators, businesses and local government

Planning has been specifically highlighted by Government as an area for interventions to support businesses and growth. For that growth to be sustainable, however, it is vitally important to factor in the role of sustainable transport, which is why we strongly recommend that new developments take account of the bus's role in giving employers access to wide and diverse labour markets. The crucial role of the bus in supporting the UK's workforce is also the reason we are calling for tax incentives for bus commuting and greater take up of workplace travel plans.

To maximise the benefits of the bus it is essential that we give passengers what they need. Bus Service Operators Grant plays an important role in keeping fares down and must be

maintained. We also encourage greater take up of smart attractively priced multi-operator ticketing, and more local support for pro-bus measures like bus lanes to give people the speedy and reliable service they require. And given the importance of the bus in helping people to access education and to up-skill and enter more productive jobs, we encourage measures like travel planning assistance and fares offers for school leavers and unemployed people.

Previous Governments have failed to capitalise on the bus. This is in spite of the fact that there is not a single area of our daily life that does not in some way depend on buses, and 25% households have no access to a car and are reliant on the bus for many of their essential journeys. Moreover buses are the most cost effective, flexible and immediate way the transport sector can reduce economically draining congestion and carbon emissions. Buses have the potential to reduce carbon emissions from road transport by as much as 75% in heavily congested areas. Congestion is widely acknowledged to be a serious constraint on growth and currently costs at least £11billion per annum in urban areas alone.

Buses support the wider economy but if their full potential to facilitate growth in the UK is to be realised a concerted effort needs to be made across Government to create the right public policy framework and reverse decades of under investment. Such a reversal would unlock the most immediate and cost effective means at our disposal for boosting economic growth as well as reinvigorating our high streets, tackling congestion, reducing carbon emissions and supporting our young people.

# 1. Introduction

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More than five billion journeys are made by bus and coach every year, yet there remains an insufficient appreciation of their value in socio-economic terms. Especially underestimated is the contribution the bus has to play in facilitating economic growth. While transport's overall role in enabling such growth is better recognised today than at any time over the last few decades, the bus remains the unsung mode when it comes to the economic role that it has to play.

Greener Journeys commissioned the University of Leeds, Institute for Transport Studies (ITS) to undertake research to quantify and evaluate the contribution of the bus to the economy, looking specifically at the indirect economic benefits of bus travel (see Appendix I – *Research Sample and Methodology*). The *Buses and Economic Growth* report was published in July 2012, and filled an important gap in knowledge and understanding. It also provided Greener Journeys with the foundation for a set of recommendations designed to maximise the potential for buses to support the economy and to facilitate growth.

Buses underpin the UK economy and have the potential to assist in the delivery of a number of key objectives highlighted in the Government's Plan for Growth.

The Government wants **“to make the UK one of the best places in Europe to start, finance and grow a business”**<sup>1</sup>.

- Buses provide essential support to businesses by giving employers access to wide and diverse labour markets, as well as increasing connectivity and reducing congestion.

Another key Government priority in terms of providing the right conditions for growth is to create **“a more educated workforce that is the most flexible in Europe”**<sup>2</sup>.

- The bus is a vitally important facilitator of education and training, and of the economic productivity of the labour force.

One of the Government's top priorities for investment is to improve our infrastructure, as part of the objective **“to provide the power, communications and transport links that underpin a modern, low carbon economy”**<sup>3</sup>.

- Buses present a real opportunity. Additional capacity can be implemented very quickly and at a fraction of the costs associated with the other modes.

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<sup>1</sup> The Plan for Growth, HM Treasury BIS 2011

<sup>2</sup> The Plan for Growth, HM Treasury BIS 2011

<sup>3</sup> The Plan for Growth, HM Treasury BIS 2011



## 2. Buses underpin the UK economy

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Buses are an essential mode of transport, accounting for **more than five billion passenger journeys** every year. Nearly three times as many trips are made by bus as by surface rail and underground combined. Of the 5.16 billion bus trips in 2010, 22% were to/from work, 26% were shopping trips and 21% were leisure trips.

Buses connect people to employment and training, provide support for businesses, facilitate retail spend and support the vitality of our towns and city centres. Buses also have an important role in reducing congestion and tackling carbon emissions. The best used bus services in urban centres may be reducing carbon emissions from road transport by as much as 75%<sup>4</sup>. And buses are an integral part of local communities and fulfil important social needs. 25% of households have no access to a car and are reliant on the bus for many of their essential journeys.

The *Buses and Economic Growth* report by University of Leeds, Institute for Transport Studies (ITS) focuses principally on the indirect economic benefits of bus travel (see Appendix I). But it is also worth recognising that the bus industry makes a significant direct contribution to the economy as an employer and creator of outputs in its own right:

- Over 170,000 people are employed in the bus and coach industry
- Through its supply chain, the bus industry creates a further 83,000 jobs
- Over 50% of new buses registered in to service every year are built by British workers
- Bus industry employees spend £2.1 billion in the economy
- Bus sector spends £2.5 billion in its supply chain

### 1. Bus supports the UK workforce

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#### Bus is an essential means of accessing employment

- More people travel to work by bus than all other forms of public transport combined
- There are 2.5 million bus commuters, and a further 1 million use bus as a back-up mode – 12% of the working population
- One fifth of working age population outside of London use bus at least once a week
- Around 20% of full time employed and 30% of part time employed are frequent bus users

#### Bus commuters' contribution to GVA is worth £64 billion

- Bus commuters in GB generate **£45 billion** of economic output
- Those who use bus as a back-up contribute a further **£19 billion** of economic output

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<sup>4</sup> What is the environmental value of investment to increase the use of buses? David Simmonds, 2012

### **Bus provides a form of social insurance**

- 43% of regular bus commuters do not have access to a car
- 70% of those with no car available use the bus frequently, compared with 20% of those with car available
- People are willing to pay over and above their fares to have a bus service available to them (even if they have a car) as part of the urban fabric giving a gross option value of £700m

The importance of the bus as a means of accessing employment cannot be over-stated, and by supporting bus commuters, the bus indirectly supports sizable economic benefits. Buses are also an essential means of transport for many, and provide a form of social insurance. Car owners value the availability of the bus as a back-up mode of transport in the event of breakdown or inclement weather, or the need to share the car with a partner. Infrequent users are willing to pay £38 per year just to have buses available, and frequent users are willing to pay £60 per year.

## **2. Bus supports UK businesses**

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### **Buses provide the means by which labour markets can be accessed**

- More than 50% of businesses surveyed considered bus had a role in recruitment and retention
- A fifth of businesses considered the bus to be central to their business operations

### **Assisting efficiency of the labour market**

- 11% of employees would be forced to look for another job if they could no longer commute by bus
- 400,000 workers are in better more productive jobs, and the additional economic output they produce by being in more productive jobs is £400 million per year

### **Buses offer a cost effective way to reduce congestion**

- Congestion is widely acknowledged to be a serious constraint on growth and currently costs at least £11billion per annum in urban areas alone<sup>5</sup>.
- A survey of businesses by the British Chambers of Commerce put the cost of congestion at £17,350 per business
- The same survey found congestion to be a problem for around 90% of businesses, with around 45% viewing it as a significant problem

From the employer perspective, bus services are important where they help recruit and retain a workforce with the right skills, and where they allow businesses through some form of rationalisation to become more efficient. Many businesses also rely on the bus to allow their customers to access their site, such as retail and leisure businesses.

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<sup>5</sup> Urban Transport Analysis, Cabinet Office, DfT et al 2009

Buses also provide a cost effective solution to congestion. They are flexible, can deliver extra capacity very quickly, take up less space on the road and when combined with priority measures such as bus lanes can reduce delays and improve journey time reliability. Reduced congestion and the resulting improved network speed and reliability has a direct and significant impact on business costs, enabling the logistics systems and supply chains to operate more efficiently and sustainably.

### 3. Bus supports the UK's towns and city centres

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#### Bus facilitates retail and leisure spend

- With 1.4 billion shopping trips per year, and an average spend of £29.66 this gives a total estimated retail spend by bus users in GB of **£21 billion**
- With 471 million leisure trips and average spend of £26.26 total estimated spend on leisure activities facilitated by bus is **£6.2 billion**
- Combined retail and leisure is **£27.2 billion** of which **£21.5 billion** is spent in town or city centres

#### Buses increase connectivity

- Centre for Cities research showed that smart investments such as improved access to city centres can add up to 25% more benefit to the local economy<sup>6</sup>.
- Nearly a third of businesses would like to see better transport links with other cities and around a quarter would like to see improvements to public transport<sup>7</sup>.

Overall the bus is an important facilitator of economic activity in urban Britain and there are large sub-groups within the population who are reliant on the bus. By supporting city centres, buses can create a valued cultural environment by providing the economic mass that will support a range of retail outlets, arts and sporting events, educational activities, cafes, restaurants etc. Buses facilitate agglomeration effects by helping large volumes of people access the most productive parts of the economy.

Buses are an essential element of the urban fabric and it is hard to see how land use patterns, particularly the role that city centres play within a city, could have arisen without them. Without buses, road congestion would increase and city centre accessibility would decrease. This in itself would lead to more dispersed land uses and some loss of agglomeration benefits.

### 4. Bus supports education, training and skills

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#### Bus provides essential access

- More than 50% of students over 16 are frequent bus users

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<sup>6</sup> Agglomeration and Growth in the Leeds City Region, Centre for Cities 2007

<sup>7</sup> Cities Monitor, Cushman and Wakefield, 2008

- More than a third of 20-29 year olds are frequent bus users
- If they could no longer travel by bus to their places of education / training:
  - 12% would have to miss sessions
  - 6% would have to look for different and likely less suitable course

#### **Bus facilitates socio-economic mobility**

- Of those in work who depend on bus to access education or training, all are in low paid low skilled occupations. Bus plays a vital role in enabling them to up-skill and enter “more productive jobs”
- 30% of those who are dependent on bus services to access their education and training courses live in areas in the top 10% of most deprived areas in Great Britain

#### **Bus supports young people**

- More than half of all 16-19 year olds are regular bus users
- 19% of 16-19 year olds use bus to commute

Bus is a vitally important facilitator of education and training, and of the economic productivity of the labour force. Transport costs are cited as the biggest expenditure associated with post-16 education, and more than one in five students have considered dropping out of further education because of financial difficulties. 6% of 16-24 year olds turn down training or further education because of transport problems<sup>8</sup>. There is also a key role for the bus to support Government initiatives to get young people into work. Over two-thirds of Jobseekers Allowance claimants have no access to their own car or cannot drive<sup>9</sup>.

With fuel prices and car insurance costs rising (2006 average insurance for 17 year old was £2,500 compared with £4,000 in 2012) affordable bus fares are all the more essential. Furthermore, rising housing costs mean that young people are becoming increasingly dependent on good bus links to access places of work or training as they are less able to move to be nearer to places of work. A recent report estimates that by 2020 a further 340,000 young people will be forced to live at home with their parents because of rising housing costs<sup>10</sup>. Affordable bus fares help the success of Welfare to Work policies, thus helping to reduce the burden on taxpayers from welfare benefits. Without access to bus services, lower socio-economic groups would suffer long term unemployment which is not just a one off effect but cumulative, with associated costs rising year on year.

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<sup>8</sup> Making the Connections, Social Exclusion Unit, 2003

<sup>9</sup> Total Transport, Pteg, 2011

<sup>10</sup> Joseph Rowntree Foundation, 2012

# 3. Maximising the potential for growth

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Buses underpin the UK economy and have the potential to assist in the delivery of a number of key objectives highlighted in the Government's Plan for Growth, including: creating optimum conditions for businesses to start up, finance and grow; creating a more educated and flexible workforce; and improving transport infrastructure.

Buses provide essential support to businesses by giving employers access to wide and diverse labour markets, as well as increasing connectivity and reducing congestion. The bus is a vitally important facilitator of education and training, and of the economic productivity of the labour force. And in terms of transport infrastructure, buses present a real opportunity. Additional capacity can be implemented very quickly and at a fraction of the costs associated with the other modes. Buses also facilitate retail and leisure spend, and provide vital support the UK's towns and city centres.

The following recommendations are designed to maximise the potential for buses to support the UK economy and to facilitate growth. They were developed following extensive consultation with the business community, and their successful implementation will necessitate participation of all key stakeholders including: bus operators, local and central government, employers, retailers, Town Centre Management Groups, Local Enterprise Partnerships and other business groups.

## 1. Creating the right public policy framework

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### 1.1 The wider economic impacts of the bus system need to be captured in to the appraisal and allocation of funds for bus infrastructure projects and consideration of the case for Bus Service Operator Grant (BSOG).

Buses underpin the economy in a number of ways:

- Provide crucial access to employment
- Assist efficiency of the labour market
- Support the workforce
- Support education, training and skills
- Support socio-economic mobility
- Support businesses and local retail economies
- Facilitate retail and leisure spend
- Support vitality of urban centres

Public policy and appraisal do not currently adequately consider the indirect contribution of bus to the economy, particularly the benefits that accrue from the role the bus plays in

facilitating the efficient working of the labour market and cities and towns ability to deliver services to their resident populations.

Appraisal of policy and projects and programmes, including the Local Sustainable Transport Fund, which influence bus service levels need to capture these impacts in an appropriate way. For small schemes this may be through the use of qualitative descriptors in a multi-criteria analysis. For major schemes a cost-benefit analysis approach is required. For analysis of large scale changes to support measures such as BSOG, we would expect to see a full assessment of the above impacts, quantified as far as possible.

We also support the rolling forward of the Better Bus Areas and Local Sustainable Transport Funds which both channel funding that optimises the potential of the bus in generating economic growth as well as cutting carbon.

- 1.2 To provide adequate revenue funding in addition to capital funding streams to enable the 'full bus package' to be implemented.** The bus has received capital funding from government which allows for important bus infrastructure, such as bus lanes and new shelters, to be delivered. However to improve the whole bus product to attract new users the full package that includes both these hard infrastructure measures as well as 'softer' measures such as bus travel planning advice, marketing and promotion and affordable fares, is required. These softer measures are financed through revenue funding streams.

Funding allocations must not only properly realise the wide beneficial economic impacts of the bus, but must ensure that this is acknowledged through greater parity between allocations of capital and revenue spend. We acknowledge that the Better Bus Area and Local Sustainable Transport Funds are positive programmes that provide for both funding types.

- 1.3 To conduct joined-up thinking across different government departments on the role the bus can play in helping overcome barriers to economic growth.** The important economic role that the bus already plays as well as the potential it has to help overcome barriers to economic growth makes it relevant to more government departments than simply the Department for Transport, whose jurisdiction the bus clearly falls under. HM Treasury, BIS, DWP, DfE, DCLG and DoH all need to have the bus on their policy horizons to help deliver their key objectives e.g. stimulating business growth, increasing employment, providing access to education and training, increasing new and sustainable development etc.

- 1.4 Planning decisions on new developments to consider fully the critical role of public transport in giving employers access to a wide and diverse labour market and giving people access to jobs.** The government is keen to embark on a programme of rapid new development to stimulate economic growth. In order for this development to be sustainable, applications for planning must fully consider transport impacts of the development as without such consideration, the results are all too often car based developments, located in areas that have either been unsuitable for access by sustainable transport, or that there has been a failure to plan for the inclusion of sustainable transport infrastructure as part of the development. The presumption of local decision making must therefore be in favour of locating development around existing public transport hubs and corridors. Proximity to existing bus networks is therefore a fundamental consideration.

## 2. Meeting the needs of bus passengers

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- 2.1 Good value fares to be maintained to ensure accessibility of bus services to low-income commuters and young people in particular.** Many individuals within these groups have no access to a car and depend heavily on the bus for accessing work as well as education and training. BSOG plays an important role in lowering the cost of service provision thereby keeping down the level of fares. With one fifth of 16-19 year olds using the bus to commute to work and 70% of those with no car available using the bus frequently, any further cuts to BSOG would undoubtedly lead to higher fares which would detrimentally affect these groups with heavy dependency of the bus.

More than one in five students has considered dropping out of further education because of financial difficulties. Transport costs are the biggest expenditure associated with post-16 education and 6% of 16-24 years olds turn down training or further education because of transport problems. 30% of those dependent on bus services to access education and training live in the top 10% of most deprived areas. One in four jobseekers say the cost of transport is a problem in getting to interviews.

- 2.2 Central Government should prioritise and provide support for the widespread and accelerated introduction of smart, integrated, and competitively priced multi-operator ticketing.** Greener Journeys research has shown that one of the key switch factors in shifting from car to bus is around consumer uncertainty about having the right bus ticket for their destination and whether correct fare is needed when boarding. Research showed 21% of people would use the bus more if they could use a pre-paid system<sup>11</sup> and it has been proven in many major cities worldwide that a fully-flexible, cashless ticket encourages people to use public transport and reduces their journey time. This type of system would instantly boost convenience for commuters and shoppers alike. Part-time workers who are currently unable to take advantage of the best bus fare offers such as weekly or monthly tickets could potentially receive incentivising fares offers through the use of smartcards. They also offer an efficient way of administering a bus season ticket salary sacrifice scheme as recommended in 3.1.
- 2.3 Promote local policies which maximise the economic impact that can be achieved from bus networks.** Local authorities should continue to roll out policies which provide the best possible framework for local bus services in line with local circumstances. Measures that local authorities can take to support bus services include: creating the capacity to provide more priority for sustainable transport including bus lanes; enforcing de-criminalised parking; making the provision and pricing of parking conducive to mode shift towards sustainable modes; ring-fencing parking revenue for re-investment in sustainable transport schemes; building consideration of buses in to all planning decisions; and, developing integrated ticketing and information systems in conjunction with bus operators. Research shows that the number one switch factor for car drivers is speed and convenience. 53% of car drivers said

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<sup>11</sup> YouGov Plc survey, 2011

they would use the bus more if bus routes were more convenient to them and 36% would if they were faster.<sup>12</sup>

### 3. Supporting the bus in its vital role in the labour market

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**3.1 Taxation incentives for travelling by bus.** Government taxation policy can have a significant effect on modal choice. Cyclists are rightly positively incentivised through the Cycle to Work scheme which facilitates tax, national insurance and VAT savings for those taking up cycling. Over 400,000 bikes have been bought through this scheme with 61 per cent of participants not having cycled to work before signing up.

Motorists, have actually benefitted from a significant overall fall in the real cost of motoring over the last twenty years while bus and rail fares have significantly increased. While car users are 'rewarded' with fuel duty freezes, bus operators are forced to increase fares as the result of the reduction in BSOG. Bus users, whose modal choice actually reduces dependency on oil, economically draining congestion and carbon emissions, are not provided with any such concession to soften the financial impact.

An incentive such as a salary sacrifice scheme for bus commuters could be introduced by HM Treasury to promote mode shift to bus. Given the greater reliance on the bus by the young, the elderly and lower income commuters, this instrument is likely to be favourable in distributive terms which HM Treasury's Green Book (2003) states should be taken in to account when formulating policy. Given the greater incidence of unemployment amongst these groups this policy is also likely to be effective in increasing incentive to work.

**3.2 Increased take-up of workplace travel plans and for the bus to be considered and promoted as a core option within them.** Workplace travel plans allow the employer to assist and empower employees to make a choice in their commuting decisions which span wider than the car. Workplace travel plans have been shown to reduce car use and increase take up of travel by public transport and cycling and walking. This kind of modal shift generates a number of benefits for the companies implementing the plans including reduced strain on local roads and on work place car parking provision, which the former saves indirect costs for the companies and the latter saving direct costs. Work place travel plans also enable companies to demonstrate they are properly considering the environmental impact of its business and are actively trying to reduce their employees' carbon footprint. A strong track record on corporate responsibility makes good business sense, attracting the best talent and earning the trust of customers and the community<sup>13</sup>.

However, research has shown that buses often do not feature strongly in the travel considerations of many companies, even where work place travel plans have been drawn up and implemented. Far more emphasis is given to cycling and rail. While 82% of employers who offer salary sacrifice schemes make the Cycle to Work scheme available to staff with many also offering discounted rail season tickets, very few offer any incentives to commute by bus,

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<sup>12</sup> YouGov Plc survey, 2011

<sup>13</sup> HM Government Corporate Responsibility Report, BIS, 2008



despite the fact that more people travel by bus to work than all other forms of public transport combined. It is also a very affordable and accessible mode of transport.

**3.3 Travel planning assistance and fares offers for school leavers and unemployed people to help connect them to education, training and the job market.** Many young school leavers and those not in work are unaware of the locational spread of bus routes and networks and that the bus is in fact very likely able to transport them to sites of employment and education and training. They are also often unaware of the good deals on offer and can struggle with the complexity of many fares structures. An integrated approach is needed between bus operators, local authorities, school and colleges, Connexions and JobCentrePlus to provide targeted, transparent and accessible information. Successful partnership working between these bodies would also help up-skill these core groups through providing access to education and training institutions, increasing their chances of finding a job.

## **4. Enabling businesses and local retail economies to benefit from bus services**

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**4.1 LEPs to prioritise funding for bus infrastructure projects to optimise the role of the bus in helping to create the right environment for business growth in their areas.** The remit of Local Enterprise Partnerships is to form a view on the strategic transport priorities which best support sustainable economic growth in their areas thus selecting and specifying local transport projects. LEPs need to give consideration to the bus system's wide underpinning role to local economies when undertaking their assessments.

**4.2 Business Improvement Districts to use part of their levies to help fund bus improvements** Businesses see poor connectivity as a constraint on their future growth over and above a number of other factors; nearly a third of businesses would like to see better transport links with other cities and around a quarter would like to see improvements to public transport<sup>14</sup>. Bus services can be quickly and cheaply routed where local rail, metro and underground systems are lacking. Buses are also a major feeder to and from the rail network, with 11% of rail passengers travelling to the station by bus<sup>15</sup>.

Using a proportion of the levies to improve the quality and frequency of buses serving the businesses in BIDs areas would generate improved connectivity for businesses allowing them to draw on a wider pool of employees. It would also increase accessibility and widen the employment potential for those dependent on the bus to get to work.

**4.3 Town Centre Management Groups to include the bus as part of their town centre transport access strategies.** While access to town centres is a major priority for town centre management groups, this is overwhelmingly dominated by the need to lessen barriers for the car, in particular through increased and improved parking. Consideration to access for public transport is more peripheral.

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<sup>14</sup> Cities Monitor 2008, Cushman and Wakefield

<sup>15</sup> Getting to the Station, Passenger Focus, 2011

Buses are crucial in supporting the vitality of town and city centres with bus users making shopping or leisure trips in these areas to a value of £21.7 billion a year. Greater recognition needs to be given to the role the bus plays in feeding centres with people engaging in high value generating retail and leisure activities as well as wider benefits of congestion reduction, freeing up parking capacity, reduced local pollution and overall improved urban realm. These wide ranging benefits should be reflected in the formulation of town centre access strategies and policies.

## **5. Building strong alliances across bus operators, businesses, and local government**

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- 5.1 Closer working between local business community, local bus operators and local authorities** to help ensure bus services feed business locations and employment zones at the right times with the right frequency. There are a number of positive examples where good relationships between these groups have led to companies to switch their subsidy for private coach or mini bus operations which they use for ferrying their employees to work towards commercial bus services. These commercial services may simply have been previously under promoted to businesses and their employees, or routes failed to conveniently match employment sites. However, good relationships between parties can resolve such barriers, for example, through the operator agreeing to marginally re-route an existing service to better serve a business location.
- 5.2 Stronger corporate ownership of responsibilities for sustainable transport policies.** Closer working between business and local bus operators would be improved through clearer corporate responsibility for bus policy (as part of a wider sustainable travel to work policy). Currently, such responsibility within companies is given to a wide range of divisions ranging from HR to Property which often makes approaches from industry difficult. Similarly, bus operators need to be more visibly accessible to encourage approaches by businesses looking to enter discussions on travel to work policies.
- 5.3 Better monitoring of bus users by employers and retail/town centre management groups.** Research shows that many businesses and retail/town centre management groups do not collect data on the mode of travel for their employees or customers, with the default often considered to be the car. Unsurprisingly therefore, it is the car that is predominantly catered for in their policies and strategies. This is despite the fact that the bus is used by 12% of the working population and that people use the bus to make shopping and leisure trips to a gross spend value of £27bn of which £22bn is spent in town and city centres

# 4. Summary of five-point plan

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- 1. Creating the right public policy framework**
- 2. Meeting the needs of bus passengers**
- 3. Supporting the bus in its vital role in the labour market**
- 4. Enabling businesses and local retail economies to benefit from bus services**
- 5. Building strong alliances across bus operators, businesses and local government**

## 1. Creating the right public policy framework

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- 1.1 The wider economic impacts of the bus system need to be captured in to the appraisal and allocation of funds for bus infrastructure projects and consideration of the case for Bus Service Operator Grant (BSOG)
- 1.2 To provide adequate revenue funding in addition to capital funding streams to enable the 'full bus package' to be implemented.
- 1.3 To conduct joined-up thinking across different government departments on the role of the bus in helping the economy (e.g. DfT, HM Treasury, BIS, DWP, DfE, DCLG and DoH).
- 1.4 Planning decisions on new developments to consider fully the critical role of public transport in giving employers access to a wide and diverse labour market and giving people access to jobs.

## 2. Meeting the needs of bus passengers

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- 2.1 Good value fares to be maintained to ensure accessibility of bus services to low-income commuters and young people in particular
- 2.2 Where feasible, smart attractively priced multi-operator ticketing should be introduced
- 2.3 Local implementation of pro-bus policies

## 3. Supporting the bus in its vital role in the labour market

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- 3.1 Taxation incentives for travelling by bus
- 3.2 Increased take-up of workplace travel plans and for the bus to be considered and promoted as a core option within them
- 3.3 Travel planning assistance and fares offers for school leavers and unemployed people to help connect them to education, training and the job market

## **4. Enabling businesses and local retail economies to benefit from bus services**

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- 4.1 LEPs to prioritise funding for bus infrastructure projects to optimise the role of the bus in helping to create the right environment for business growth in their areas
- 4.2 Business Improvement Districts to use part of their levies to help fund bus improvements
- 4.3 Town Centre Management Groups to include the bus as part of their town centre transport access strategies

## **5. Building strong alliances across bus operators, businesses and local government**

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- 5.1 An effective and locally appropriate framework for closer working between local business community, local bus operators and local authorities
- 5.2 Stronger corporate ownership of responsibilities for sustainable transport policies
- 5.3 Better monitoring of bus users by employers and retail/town centre management groups

## 5. Conclusion

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Buses are the lifeblood of the UK's transport networks, but their true impact is felt much wider. There isn't a single area of our daily lives that doesn't in some way depend on buses: employment, education, health, shopping, and leisure activities. Buses underpin the UK economy, provide support for businesses, facilitate retail spend, and support the vitality of our towns and city centres. They are also an integral part of local communities, fulfil important social needs, and have an important role in reducing congestion and tackling carbon emissions.

The benefits of the bus are indisputable. However, the bus sector faces its "greatest financial challenge for a generation"<sup>16</sup>. Buses have been more adversely affected by cuts to Government spending than other modes of transport. The adverse implications of reduced Government support for buses are very serious. 11% of bus commuters have been forced to turn down a job because of lack of frequency or availability of a bus service in the last year. Young people are more reliant on bus services than any other demographic group, and are particularly adversely affected by bus cuts. Bus cuts could also compromise the success of the Government's Welfare to Work policy and apprenticeship drive. Two key issues going forward are the prospect of further spending cuts, and the risks associated with the devolution of transport funding without ring-fencing.

Buses support the wider economy but if their full potential to facilitate growth in the UK is to be realised a concerted effort needs to be made across Government to create the right public policy framework and reverse decades of under investment. Our recommendations for growth were developed following extensive consultation with the business community, and their successful implementation will necessitate participation of all key stakeholders including bus operators, local and central Government, employers, retailers, Town Centre Management Groups, Local Enterprise Partnerships and other business groups.

There is a significant prize to be had, but to achieve it everyone will need to play their part. We urge Government at all levels to recognise the important role the bus has to play in oiling the wheels of the economy, and to provide the bus sector with the support and policy tools it needs if it is to play its part in driving the economy into growth.

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<sup>16</sup> Louise Ellman, Chair House of Common Transport Select Committee, 2011



# **APPENDICES**

- I Research sample & methodology**
- II Case studies: Jobs, growth and modal shift**





# APPENDIX I

## BUSES AND ECONOMIC GROWTH: Research sample & methodology

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Buses provide a 'multiplier effect' (Keynes 1936) to other sectors of the UK economy which has an indirect economic value. Investment in bus services is an important part of helping to start a cascade of events which increases economic activity. Buses provide essential access to labour markets, businesses and education and training; are crucial to congestion reduction on key corridors; stimulate investment and regeneration; and provide vital support to local businesses and retail economies.

Greener Journeys commissioned the University of Leeds, Institute for Transport Studies (ITS) to undertake research to quantify and evaluate the contribution of the bus to the wider economy, looking specifically at the indirect economic benefits of bus travel in three areas:

- *Increasing economic performance* - labour market efficiencies facilitated by the bus improves job-worker matches, thereby maximising worker productivity and output; increasing skill levels of the workforce through increased training; reduces frictional and structural unemployment.
- *Connecting people to jobs* – bus services increase participation in the labour market and support businesses in recruiting and retaining staff.
- *Supporting vitality of town and city centres* – buses feed centres with people embarking on shopping, social and leisure activities.

The *Buses and Economic Growth* report comprised three main pieces of work:

1. A review of the results of the National Travel Survey relating to patterns of bus use
2. An internet survey of 2,500 people – 2,000 bus users and 500 non-users
3. Interviews with employers and stakeholders in four areas of England on attitudes to buses.

A Steering Committee of leading professionals from across the bus sector was formed to oversee the direction and management of the project and report. This group included representatives from Department for Transport (DfT), Transport for London (TfL), Confederation of Passenger Transport (CPT), Passenger Transport Executive Group (PTEG), Arriva, FirstGroup, Go-Ahead Group, National Express, and Stagecoach.

The final report was published in July 2012

# APPENDIX II – Case Studies

## Buses just the job in North Tyneside

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The developers of Cobalt Business Park in the North Tyneside – the largest business park in Britain have been hugely proactive in travel planning for staff and bus services are a vital part of the jigsaw.

Recognition that accessibility would be a key factor in attracting investment led to the creation of an on-site travel centre with its own dedicated Travel Team in 2006. The travel team have been highly successful in helping to develop a comprehensive public transport network, including the flagship 'Cobalt Clipper' and Route19 high-frequency bus services.

"We have 600 bus services coming daily through the park and that connects to over 40 residential destinations," said Lynn Cramman, Travel Co-ordinator for Cobalt Business Park, which claims a recruitment catchment of over 1.1 million people and includes businesses such as Orange, Proctor and Gamble, Balfour Beatty and Formica.

"I think it would be very difficult to create a business park of this size without having a bus provision – it's part of the package of sustainable transport. A lot of the younger workforce who don't have any current employment close to where they live have to travel out of their area and the only way they can do that is by bus."

Richard Pollington, European President at Formica Ltd said: "The bus services in and around Cobalt Business Park have helped retain our staff as well as helped with staff recruitment.

"Without the services many of our employees wouldn't be able to get to work, they are crucial to Formica in this respect and they have helped transform accessibility to the Park."

Indeed for some young people have no other means of getting to work except by bus. "If I didn't have the bus to the business park from Ashington, then I wouldn't have any transport to work at all," said one employee who works on the Cobalt site.

Another employee commented: "It's hard to find your own transport when you're young – especially if it's your first job as you're not going to have any money, you're not going to be able to fund getting a car here or getting a taxi every day, so a bus service is the most direct, best way."

As well as promoting travel initiatives, the Cobalt travel team have also engaged staff in the 'Cobalt Community'. Social events such as lunchtime health walks, as well as loyalty cards and promotions for local businesses have helped to engage staff who would not otherwise have considered contacting the travel team.

Other initiatives include a dedicated car-share network, staff cycle pool, reduced price public transport tickets and personalised travel advice. Cobalt's latest 2008 figures show that there has been a 7% shift away from single-occupancy car travel over a 3-year period.

Lynn added: "Travel plan adoption has encouraged a large and growing number of employees to use alternatives to single-occupancy car-use, creating a more sustainable business community."

## **Health and transport partnership means discount for hospital workers**

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A service serving both hospital workers and patients in Peterborough has seen a shift from 3,000 bus journeys by workers alone in March 2006 to 11,000 in March 2011.

In 2005 Peterborough & Stamford Hospitals Trust and Stagecoach in Peterborough recognised the increasing importance of the city's two strategic hospitals, Edith Cavell and District, to patients and an ever growing need for staff to travel between the two sites. They began the first steps of partnership and introduced a ticketing initiative. The Trust employs 3,500 across them and employees are encouraged to use public transport with reduced price Megarider multi-journey tickets.

In 2010, the opening of a new City Care Centre and City Hospital in Peterborough, followed by the closure of the District and Edith Cavell sites in 2010, saw significant changes to healthcare delivery in the city. Requirements under Section 106 meant the Trust was obliged to provide a bus service. After approaching Peterborough City Council for guidance in delivering a new and dedicated bus service, a route and timetable were devised which connected the existing commercial network operating from the city centre to the two new sites.

At the same time, the Trust, as part of the new travel plan, introduced a needs-based parking system to limit the number of parking permits issued to staff. The service was launched on 1 November 2010.

"This is a fine example of how three organisations have worked together to improve Peterborough's transport system and to ensure that patients can easily access the new hospital site," commented Nigel Hards, Chairman of Peterborough & Stamford Hospitals NHS Foundation Trust, 2011.

"From the Trust's perspective the planning process was extremely smooth; this is a testament to the good working relationships that has developed between all three organisations. The service was up and running in good time before the hospital opened and in our opinion has been very well used by staff, patients and visitors alike.

Dedicated bus stops were installed at the City Hospital. The final construction and demolition work at the City Hospital is due to be completed shortly. To further enhance the attractiveness of the bus service a dedicated bus stop is to be located right outside the main entrance to which real time passenger information will be added.

One worker commented: "I was a little daunted at the prospect of not parking close to work anymore. However, after the first day of using the return service from the City Care Centre to the hospital I realised that it was easy and quick to use the bus."

"The Citi 7 is very reliable. It is always sitting at the stop ready to collect us at the end of the working day and leaves bang on time. And the fact that it's free for Trust staff to use is even better. I am saving money and helping the environment."

Patients using the service have also welcomed it "Without the Citi 7 service I would have to pay for a taxi to get to and from my appointment. The 20-minute service is very convenient for patients as it means that you never have to wait very long for the next bus."

"I decided to use the bus rather than drive to the hospital and park," said another. "I was pleasantly surprised. It was far less stressful than worrying about finding a parking space."

## **Buses help recruit and retain staff in St Helens, Merseyside**

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A bus service formed to address businesses' concerns over a lack of public transport for local workers has helped employers at the Haydock Industrial Estate in St Helens, Merseyside to recruit and retain staff.

Businesses on the estate, such as Sainsbury, Booker and Palmer & Harvey employ thousands of people, many of whom are shift workers. With no direct bus provision onto the estate, other nearby services didn't match workers' needs. Employers cited this as a major barrier in recruiting new staff, and in retaining existing workers.

In a bid to tackle the problem St Helens Chamber, local businesses, Merseytravel (local transport authority) and St Helens Metropolitan Borough Council worked together to gather an evidence base to demonstrate the numbers that could potentially use a dedicated bus to the industrial site. Postcode data from around 2,500 – 3,000 staff was used to identify geographic areas where staff were based.

This new information was taken to Arriva North West and further research was done to cross-reference staff shift times with postcodes. This research found that peak times were the non-traditional 'peak hours' of 6am, 2pm and 10pm and was required on seven days a week.

Arriva North West then identified the next best step was to form the 920 service to assist people getting to work from Haydock to St Helens via Thatto Heath. St Helens Chamber provided Local Enterprise Growth Initiative funding and the service was launched in February 2007.

The 920 attracted customers from the day it was launched and passenger numbers grew significantly in the first seven months of operation. Arriva Northwest now run the 920 as a commercial service (with an annual contribution from Merseytravel) and have done since June 2010.

"Haydock industrial estate is the largest employment site in St Helens with 5,000 people already working there and further employment growth is expected over the next few years" said Sue Waller, Business Advocate for St Helens Chamber.

"St Helens has some areas of high unemployment and the people who need work are up to five miles from getting to those jobs. The bus has played a key part in providing much needed jobs for local people and helped staff recruitment and retention for businesses, which in turn enhances productivity."

St Helens Chamber received an award for 'Best Transport Innovation' at the Merseyside Transport Awards in 2007 for their lead role in establishing the 920 service. The Chamber was also awarded the national British Chambers of Commerce Award for 'Most Effective Campaigning' for addressing a major business concern whilst providing local people to access to jobs at Haydock for the first time in many years.

## **Brighton bus lane leads to faster journeys and more services**

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The installation of bus lanes along the A259 in Sussex has made reduced journey times of Brighton & Hove bus services by significant amounts, led to higher frequencies, increases in service provision and made for an impressive bus load to car user ratio.

The bus lane was installed in 2008 as a joint initiative between East Sussex County Council and Brighton & Hove City Council. It runs continuously from Telscombe Cliffs through Saltdean to Peacehaven in a westbound direction and from Ovingdean to Rottingdean in the eastbound direction.

The 12X bus service travelling along the same route to reach its destination now takes just 26 minutes compared to a pre-bus lane journey time of 44 minutes, equating to a 41% journey time saving and the 12A bus service now reaches its destination 15 minutes earlier, equating to a 34% journey time saving.

Before the bus lanes were introduced, there were 11 arrivals in the peak hour into Brighton from the coast road in Peacehaven, now there are 17 and more will probably be introduced in the future as demand keeps growing.

“The most recent survey of modal split showed that bus use has now reached 45% of people travelling along this corridor in the morning peak hour and represents only 2% of the vehicles confirming the modal shift is still growing,” said Roger French, Managing Director of Brighton & Hove Buses, “as our previous survey showed 36% of people using buses which at that time were 0.7% of vehicles. The average car/van occupancy was 1.3 and is now 1.4 showing an increase in car sharing too.”

The latest modal split is:

- 1,016 people in 736 cars;
- 835 people in 17 buses; and
- 16 cyclists/motorcyclists.

“If everyone travelling by bus used the car in the same proportion as current car occupancy, there would be another 605 cars on the road instead of 17 buses,” added Roger French.

## **Cutting traffic and growing jobs in Lowestoft**

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Six revamped bus service links across Lowestoft in Suffolk will help growth, tourism and job prospects and tackle traffic, as part of an initiative to encourage people to travel sustainably.

The improvements are part of the second stage of the Lowestoft Links project, which aims to boost travel options, improve people’s health and reduce traffic congestion over the next three years. It is funded by the Department of Transport (via the Local Sustainable Transport Fund), Waveney District Council and Suffolk County Council.

Anglian Bus is providing an extension of the 601 to allow a 30 minute service to Kessingland Beach, Lowestoft College, Tesco, Pleasurewood Hills and Gunton Hall. Meanwhile, First bus have enhanced five routes, including a 30 minute daytime service and an hourly service on evenings and Sundays for the 102 and an hourly daytime service Monday to Saturday for the 106.

“Funding of the route has opened up employment and education opportunities which wouldn’t have otherwise happened,” said David Brown, Chief Executive of Go-Ahead which owns Anglian Bus.

Commenting on the difference between small initiatives such as this, compared to large infrastructure projects, he added: “People always look for the most exciting, high profile schemes; taking people to the local business park in Lowestoft is actually really important. It can help achieve growth and support tourism as well in that area.”

Suffolk County councillor Tony Goldson said: “The service is going to encourage more tourism to Lowestoft and give holidaymakers a service with regular access to Pleasurewood Hills.”

Lowestoft Local Links, funded by the government and local councils, will see the construction of a new pedestrian and cycle bridge at Lake Lothing and revamp the forecourt at the train station.

Steve Wickers, Regional Commercial Director for FirstGroup, said: “This project is just one part of an ongoing regeneration project. It is one way of encouraging people to use buses, and to make sure there is a good network coverage across the Lowestoft area.”

Andrew Pursey, Managing Director of Anglian Bus, said he was confident the services will continue once the subsidies stop in three years’ time.

## **npower relies on bus after HQ relocation**

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When energy giant npower relocated over 1,800 staff to new but difficult-to-reach Sunderland offices in 2010, one of the major issues to be addressed was how staff would get to work.

npower turned to Go North East to create bus links for existing staff and new recruits. The result is four branded routes: the Laser 35, Red Arrows 921, Metrolink 922 and East Durham 923 which offer 12 buses per hour to the business park at peak times.

The services were initially all funded entirely by npower, but the Red Arrows 921 service has since opened up commercially. While staff pay their own fares, those who relocated have received a subsidy in their salaries to compensate.

There are now more than 15,000 journeys per month on the services and nearly 20% of the people who work at the business park travel by bus.

Dave Horton, RWE npower Sustainability and Capital Investments Manager, said: “Working with Go North East allows us the opportunity to tailor the services to meet our staff needs around shift start and end times whilst also reducing on site parking issues and reducing our carbon footprint by replacing thousands of miles of potential commuter travel. A great solution for our staff and public alike.”

Commenting on the service, one staff employee said: “I have been a constant user of the company bus service since its inception two years ago. In that time I have found the service to be very efficient, reliable and punctual. I can recall only one occasion in two years where there has been an actual problem with the service, so on the whole the service is second to none”.

Another said: “With the use of the 35 service npower and Go North East have made it a lot easier and more efficient to get to work from Sunderland. I now have a direct bus which saves waiting around for connections and conveniently drops me off outside of work. The buses are regular which means I rarely am waiting for a service and this makes travelling each day very simple and unproblematic”.

Go North East and npower jointly monitor reliability and quality of customer service against pre-agreed standards and both support joint marketing initiatives to publicize the service to current and potential staff.

