



The future of mobility

*If the bus is to play a leading role in the long term future of urban mobility, we need to be **scanning the horizon now and sowing seeds of change** to ensure that a very different bus world stakes its claim to exist.*

*We shouldn't be spending time and energy implementing a retro 1980's governance model for yesterday's buses but be focused on **designing a new age of the bus looking toward 2030 and beyond.***

*This is the **ninth** of fourteen weekly articles on what different aspects of that new bus future could look like and the kind of things we need to be sowing seeds for now if we are to truly **ride the wave of future opportunity.***

*We need to **be bold if we are to shine** over the next 40 years and do more than invest in a zero emission fleet, tinker with governance and introduce the odd capped fare.*

Episode Nine – Funding

This series of articles is inspired by the **UK's commitment to deliver *Net Zero* by 2050**. It is clearly understood that that milestone **cannot be achieved without a significant reduction in traffic** - even if that traffic is zero emission.

That requires a **massive behavioural, cultural and infrastructure transformation** which will not happen overnight.

We will not see a **future UK Prime Minister at midnight on 31 December 2049 flicking a switch and everything fall neatly into place.**

Delivering a **transformation of that magnitude requires a lead time** and, right now, that very political issue is sitting firmly in the *manana* pile with the current government **pushing back the last date for the sale of petrol and diesel fleet by 5 years** and a Prime Minister committing not to interfere with the freedom of motorists to enjoy their car.

That *manana* pile also includes a whole series of **public expenditure cuts neatly lined up to take place after the next election** and structured in a way that they will **hit hard on** specific government departments, including **the Department for Transport**.

However, we **need to start somewhere and soon!**

Delivering the transformational mobility change set out in **Episode Two** is a long term, complex, multi dimensional project – or is it?

In reality, it **will not be** a single project or, even, **a project at all....** but a ***Movement***.

The developments we are already seeing across the globe in rescuing urban areas from the tyranny of the car and **giving urban space back to the community** as a whole, have been **driven by charismatic leaders** implementing their different vision of how cities should look and feel **at the local level with local support**.

Some of that support was there before change was delivered and even **more support has emerged as the sceptical become the converted** and understand just how much better urban spaces are without the congestion, the pollution, the neediness of cars.

There will **not be an Act of Parliament declaring the end of the car culture** and mandating the whole country to deliver ***Active Travel and Mass Transit First*** mobility policies.

Two things will happen.

Firstly, **visionary local leaders will see the light and drive change in individual towns and cities**, not specifically to deliver the ***Net Zero*** commitment but simply because it will make them better places to live.

Secondly, **government WILL ultimately need to face up to the reality of their *Net Zero* obligations** and implement UK wide policies to cut car traffic – petrol, diesel, gas, hydrogen or electric – and ***Active Travel and Mass Transit First* policies will, inevitably, be part of the solution.**

So no-one at any time is going to sit down and build a masterplan for the transformation complete with budget and a project plan.

The ***Movement*** already exists, is slowly growing and will, most likely, pick up pace as it advances.

The **Welsh Government** has **committed not to invest in any more major road building projects.**

The **Scottish Government** has a **clear target to reduce car use by 20% by 2030** albeit without a credible policy yet to make that happen.

The **UK Government** has the overall responsibility for delivering **Net Zero** and **can't 'hide behind the sofa'** on that issue much longer **every time the Net Zero Contribution Collector knocks on the door.**

Cities like **Edinburgh, Oxford, Bath and the whole of Wales** are taking **definitive steps** to embark on the journey. **London** is, too, but not quite as quickly and dramatically as comparable major cities like Paris, Brussels and Barcelona but it **has bought a ticket for the trip.**

The principle star of the Net Zero Show is government, both local and national, and they need to lead the way.

The **bus industry** has the **opportunity to audition for a major supporting part** if it is brave enough to do so, queues up early for that audition and **brings a plan and evidence of its ability to deliver.**

The smart move for the industry is to begin now to **engage with the more progressive local authorities and politicians and other allies in their areas to discuss pilot bus projects** along the lines of the ideas in **Episodes One to Seven** and how they could be introduced early into the transformation in the areas involved to build momentum for the future.

So, in that context, let's discuss **Funding.**

The **overall transformation of our towns and cities** and the future control of traffic in those towns and cities, and the major roads and motorways between them, **has to be formally led by the public sector at the local level.**

Local authorities have the power to restructure and replan urban areas which is at the heart of the transformation so **funding for those initial steps will have to come from that direction.**

The **initial spark will be a political decision by bold, brave politicians** (yes, they do exist! Google Anna Hidalgo, Ken Livingstone, Ravi Bhalla) triggered by one of many reasons to reconfigure the public realm **to prioritise Active Travel and Mass Transit** over the unbridled use of the private car.

The **first steps can be relatively low cost** by simply **closing key streets to through traffic prioritising pedestrians, cyclists and buses.** As that relatively

low cost initiative begins to win favour, planning can begin for bigger public sector investment in better infrastructure and more people, bike and mass transit friendly road layouts.

Those **initial public sector investments will have their own community payback in creating cleaner, liveable environments** in the heart of urban areas with reduced congestion, better air quality, a healthier population with less stress on health and social services.

However, those measures can only go so far.

As the hearts of urban areas are restructured and car use discouraged, there needs to be the **development of environmentally friendly mass transit operations** and, in most places, they will be **best delivered by bus**.

And that is the **opportunity for the bus industry to be bold and to shine**.

Those newly environmentally friendly areas can be the breeding ground for a **new generation of bus services** reflecting the elements outlined in **Episodes Two and Three**.

The **bus industry can** be timid and lazy and expect the public sector to take the lead in encouraging those developments or **be bold, brave and seize the initiative and work proactively with the local authority to build bigger, stronger, more attractive bus networks through private sector investment** and leveraging **supportive developments by the local authority in improved bus stops, mobility hubs and bus stations**.

Those **new style bus networks have the strong possibility to be financially self sustaining** if they are well planned, designed and delivered riding the wave of the much improved traffic environment.

There needs to be a **'new deal' hammered out by the operators and government on funding**.

Ideally, that deal should be **focused on giving operational and market freedom to bus operators to deliver financially and environmentally sustainable growing networks** ensuring the community can travel conveniently by bus without excessive use of private cars.

One of the keys to self-sustainability is to **address the damage caused to the bus industry by Government giving its product away free to a large swathe of the market in return for insufficient financial compensation**.

The **free travel schemes** which grew up in Wales, Scotland and England in the mid 2000's **were always going to be unaffordable in the long run** as their cost would escalate with inflation whilst the income stays flat at zero.

That has begun to create its own problems with, for example, the **Scottish Government providing free travel to everyone over 59, under 22 or carrying any form of disability and then discovering it hasn't enough money left to invest in bus priority measures to ensure that a sustainable network exists for those free pass holders to travel on** whilst operators are struggling to afford to deliver services due to insufficient reimbursement.

It is **wholly dysfunctional**.

We should take the reclaiming of urban areas for the community and the development of new style bus networks as a point where we **reset those arrangements to ensure the ongoing sustainability of those new networks at realistic fares which customers can afford**.

That is **not to say that government should not invest** a proportionate amount of money **in making bus travel more affordable for the young, the elderly and the disabled – but just not free!**

For example, **offering Young People an annual bus pass for, say, £50 per year would still be a good deal** and meet the social and economic objectives of a free scheme but with the benefit that, if bus fares need to rise by 5% to meet rising costs, the pass would simply increase to £52.50p as opposed to a local authority or government being faced with fully funding a 5% increase in the cost of delivering a free scheme ultimately rendering it unaffordable.

Healthy discounts could even be offered commercially by operators on the new, expanded sustainable networks **operating on cleared streets at sensible speeds**.

There is a view that **providing free travel to significant groups of people was always going to be a one way political street**. The administration which provided it would certainly have an easier ride to re-election whilst **any administration which subsequently took it away would be committing political suicide**.

That is why there **needs to be a 'new deal'** around the new world of **Active Travel and Mass Transit First** urban areas.

Free travel could be replaced by sensible levels of fare discount but with **current holders of free travel passes continuing to receive free travel. However, no new passes would be issued**.

This would see the **dysfunctional issues surrounding free travel gradually fade away over time.**

Yes, it might be controversial but the **current situation is clearly unsustainable** and part of the cocktail of issues which has seen **bus operators increasingly struggle to maintain sustainable networks since 2010.**

That cannot go on and the watershed of delivering *Active Travel and Mass Transit First* urban areas provides the **opportunity for a reset ensuring that holders of discount cards will have a bigger, sustainable network to ride on** whereas, currently, holders of free passes are seeing their services disappear before their eyes.

Removing the two huge negatives of the **impact of congestion and free travel** from the bus market opens up the **possibility of long term sustainable commercial operations** compatible with the public sector urban policies of *Active Travel and Mass Transit First*.

Over time individual towns and cities and their **political leadership will decide that 'enough is enough'** and begin to reshape their communities in a more human form around *Active Travel and Mass Transit* so we won't ever see a massive Project Plan or Budget for a nationwide conversion but, instead, we are more likely to see a **Movement in favour of the change rippling across the country in an opportunistic way.**

Yes, **components of the full scale policy may very well pop up in isolation without the full package.** For example, the kind of UK wide pricing and ticketing proposals which would allow any of us to board any bus in the UK at any time and just tap our contactless card on the reader and sit down can be implemented in isolation and bring significant benefit without the rest of the package.

Delivered in full, it is, indeed, a long term, complex, multi dimensional project but it won't ever be planned, costed or funded as one.

It will be a **Movement** and the **detail will vary by location** but, at its core, will be the **opportunity for the bus to shine as the beating heart of the Future of Mobility** surrounded by *Active Travel* and other *Mass Transit* modes.

So, as far as funding goes, **no one will ever need to justify a multi billion pound project like HS2** and that can only be a good thing.

Small, in this case, is beautiful and manageable and deliverable.

Public sector investment, beyond revised traffic management and road layouts, will also involve Mobility Hubs, Park and Ride sites and, when scale requires it, modern, stylish bus stations in the heart of the town or city.

That initial policy decision and **public sector pump priming investment then needs to be followed by bus operators riding the wave and investing in improved bus services** in terms of frequency, quality and geographic reach in line with the kind of networks and product described in **Episodes Two and Three**.

It will all take time.

The car did not suddenly take over our urban streets in 1950.

It **gradually grew in volume until, by the early 1970's, it began to feel menacing** as congestion grew as did the demand for wider, and then more, roads.

This transformation will be the same – moving forward slowly, but relentlessly, in one direction as **Active Travel and Mass Transit** begins to reclaim our towns and cities for community and people not for cars and car parks.

It may begin small and move slowly but, clearly, there will be **growing funding and investment needs which will need to be shared between the public and private sectors depending on where the payback for those investments lie.**

Where will the funding go?

There are **two distinct areas where substantial upfront investment will be required** to develop and **Active Travel and Mass Transit First** environment in any geography.

Firstly, the need for **public sector investment in repurposing streets and associated infrastructure** for pedestrians, cyclists and buses as opposed to cars. This will take a degree of ongoing expenditure but will **replace major new road construction schemes** and have to deal with less routine wear and tear on streets.

Within towns and cities, **more bus stations** may be required of a **higher quality with better amenities** as set out in **Episode Three**. In some cases, they can be built on repurposed car park sites.

Bus stop infrastructure including **good quality shelters with seating, lighting, wifi and real time information** will also be required.

Careful use of **congestion charging or road pricing** will also aid keeping the streetscape clear of unnecessary cars whilst also contributing to funding.

Government needs to be **proactive and alert in how it manages the gradual loss of Fuel Duty Income on petrol and diesel cars** and, perhaps, **replace it with an intelligent road pricing regime** applying to their zero emission successors.

Secondly, **operators will need to invest in more, and better quality buses, additional depot infrastructure, additional driving, supervisory, maintenance and customer service staff as well as covering the cost of designing, marketing and delivering bigger networks.** All fleet investment will be in **zero emission** vehicles which, whilst incurring higher upfront capital costs, should begin to be cheaper over their whole life.

Operator investment will also be required in depot infrastructure to cope with bigger fleets but, again, this should be **self sustaining over the life of the assets from the greater volume of sustainable bus operation.**

There will be **challenges in terms of working capital to underpin the cash investment in new fleet and depots and the development mileage on new services before they reach maturity.**

There are, however, **different models of procurement for both fleet and depots which might ease the cash flow issue** and, perhaps, a case for **sharing the development mileage costs with the local authorities in a 'kick start' model** whereby tapered grant funding could be used to cover the early stages of operation.

What will the benefits be?

The switch to **Active Travel and Mass Transit** will **improve air quality and take pressure off of both health and social care resources, reduce deaths and injuries from collisions,** create more employment and revive city and town centres.

The increased employment both directly in the bus industry and in stronger town and city centres will **increase tax revenues and contribute to economic growth.**

Rural connectivity should also improve.

These are **all returns on the public sector investment.**

From an operator perspective, **bus speeds should improve materially both reducing costs and increasing demand and revenue whilst network growth on free running streets should provide a positive financial return.**

From a negative aspect, the **reduced demand for cars may impact on car manufacturers, retailers and service centres.**

Who gets the payback?

There should be a **community payback with cleaner, healthier, liveable cities with fewer car collisions, injuries and deaths. Town and city centre retail, leisure and night economies should all benefit from increased activity.**

The **business case for operators should be positive if infrastructure and the expanded networks are well designed, marketed and operated.** However, there will, inevitably, be a lead time for demand to build on new or more frequent routes which will have a **short to medium term working capital requirement before a full contribution begins to flow.**

This analysis assumes that **the bulk of bus operation** in the new environment will be **delivered and principally funded by the private sector commercially.** Other options are clearly possible and will be discussed next week in **Episode Nine** on **Governance.**

Conclusions

The **structural changes needed around** traffic and travel to deliver the UK Government's commitment to delivering **Net Zero** by 2050 will **take time and funding and, simply, cannot be delivered overnight.**

There will **no grand, consolidated Project Plan** but, instead, a **Movement** focused on transforming our towns and cities from the bottom up **led by the more radical and committed local authorities.**

As **Authorities restructure their street and traffic environment,** bus operators have the opportunity to be bold and to shine by delivering **bigger, better financially and environmentally bus networks** to ride the **Net Zero** wave.

The **policy change and infrastructure investment will come predominantly from the public sector** with **private sector operators investing in dramatically improved bus operations** to deliver the modal shift required.

Next Week

It is very clear from everything discussed in **Episodes One to Nine** that the bus could have a fundamentally **different future over the next 25 years with bus networks growing both in size and importance.**

Currently, there is a debate between whether **bus development is best managed exclusively by the public sector** with operators restricted to its delivery on the road through a franchising model or whether buses should be **controlled and developed in public/private sector partnerships.**

In **Episode Ten**, we will review the **Governance** options and their appropriateness in the context of the agenda set out in these articles.

Perhaps the **answer is something completely different?**