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## Bus in the UK

Delivering the Promised Land

Sharing the spend and the spoils

Robert Montgomery
Director
7 July 2022







## Warning

This Presentation contains robust views on political matters which some attendees may find troublesome and offensive especially if you were only expecting some boring stuff about transport whilst you munch your way through an environmentally friendly vegan sandwich.

Rated

P

It deals with the future of the Planet as well as a few pictures of vintage buses of which I am deeply ashamed. I have spent my whole adult life refusing to buy an anorak as it may damage my professional credibility.

Those images you will see are there only because they are an essential part of the story I have to tell and the robust political messages which must be delivered.

Later you can form your own opinion as to whether the 'P' rating relates to the Political statements or to the images of bus Porn.

Now, let's 'crack on'!

## Bus, tram and trolley in 1952 Glasgow







Note the quiet, tranquil traffic free streets and zero emission trams and trolleys

Air quality was not so good due to the emissions from steelworks, shipyards, railway workshops and coal fired housing and power stations

## 'You have never had it so good!'

Harold MacMillan, Prime Minister, 1957

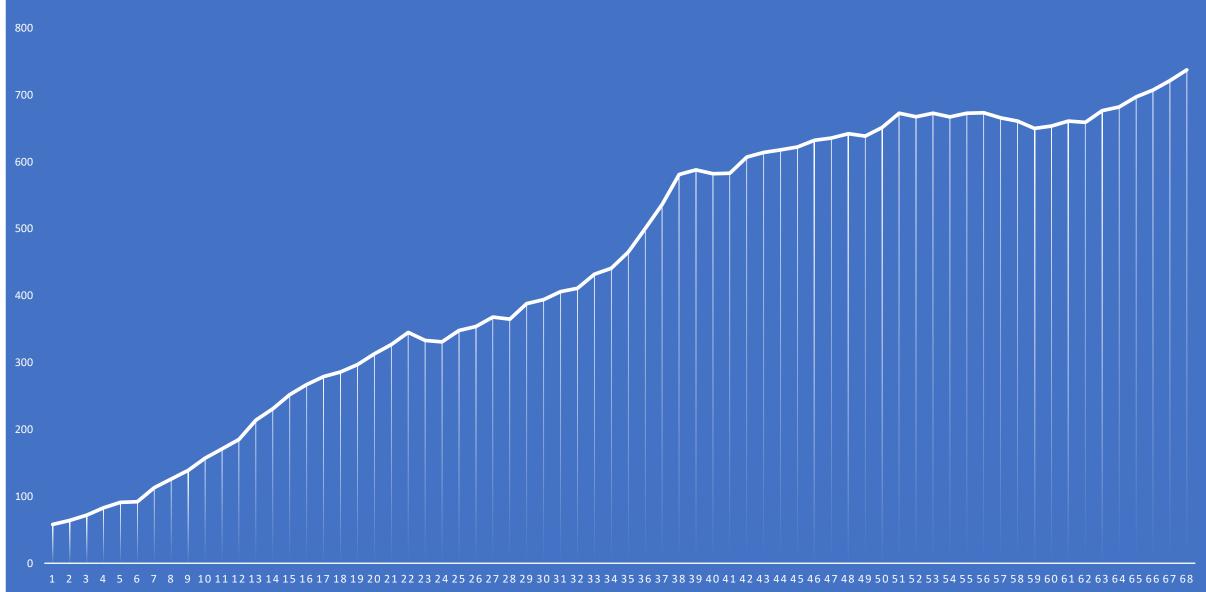




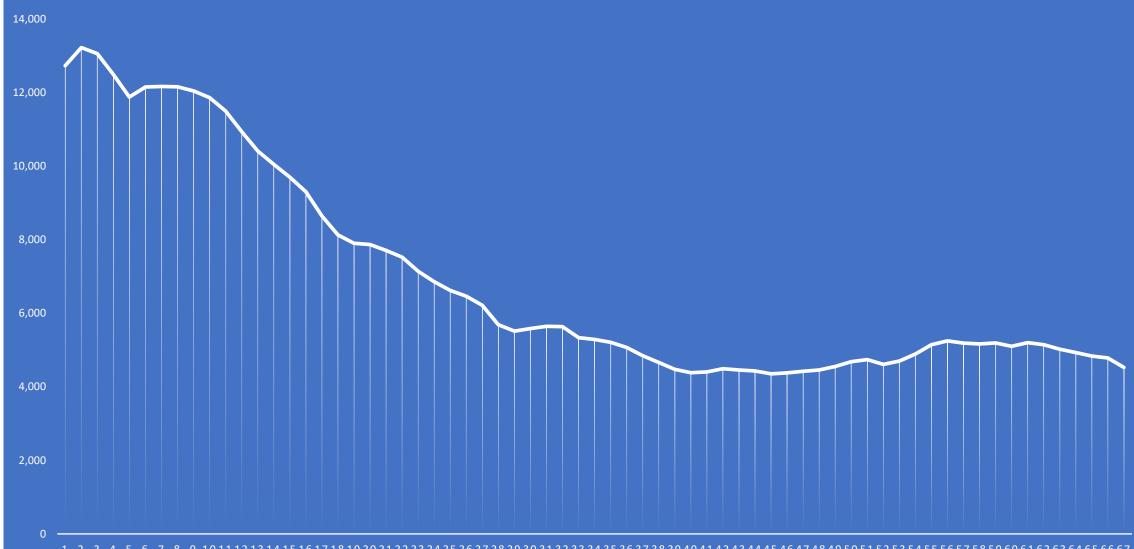




### CAR USE 1952 - 2022



## BUS USE 1952 - 2022



# Glasgow 2019 - Congested, polluted and overrun by cars



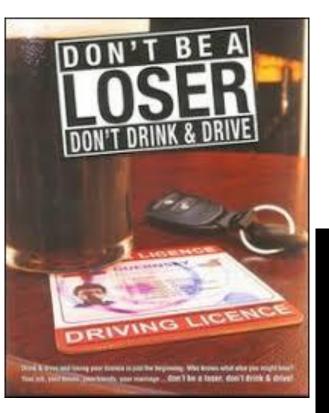


#### Congested polluted cities on a dying planet

- Climate change **has** to be controlled
- Traffic levels have to be controlled
- Clean, attractive mass transit coupled with active travel and dynamic mobility solutions are one of the critical keys to the planet's survival
- An existential issue for us all !



## Traffic is the new pariah! Time to tell it like it is?









## The promised land?

- · Clean, healthy air
- No traffic congestion
- Street space devoted to walking, cycling, zero emission mass transit
- Urban car parks repurposed
- Reduced deaths and improved health











The promised land

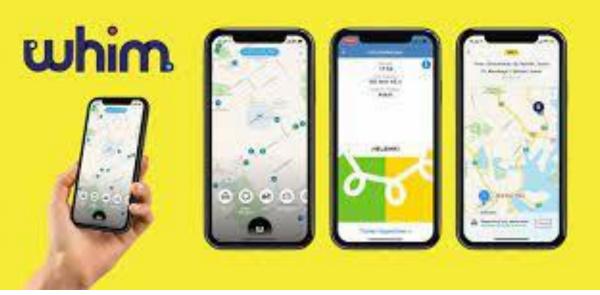








## The promised land



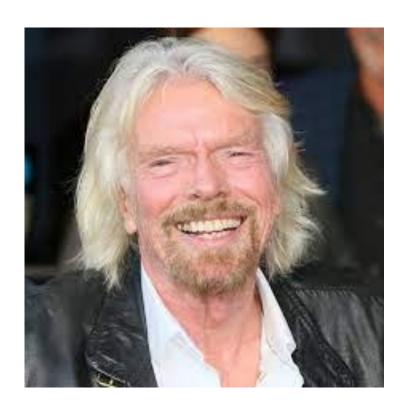






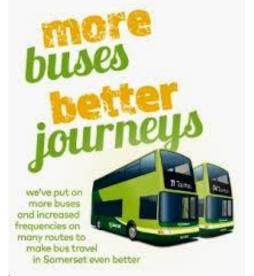
## Who can lead the way?





## What does 'London style franchising' give the customer?









And who pays?

## What <u>is</u> 'London style franchising'?



- Powers to allow transport authorities to spend public money to reduce fares and increase service levels beyond what is financially sustainable in a commercial environment
- Powers to divert resources from areas of high bus demand to areas of low bus demand at a cost to the public sector
- Those areas of high bus demand are generally areas with low incomes and the areas of low bus demand areas of higher incomes. Robin Hood in reverse! And it will require more public money as net revenue will fall.
- Powers to irretrievably replace a financially self sustaining commercial bus market with one dependent on ongoing public sector support
- The London bus network currently requires annual public sector financial support in excess of £700m per annum
- There is no magic money tree involved!



#### The Lessons from NEXUS

- The NEXUS Quality Contract proposal of 2013 claimed that it would save money
- The QCS Review Board rejected it in 2015 on the grounds that, even using NEXUS own financial assessment, it had a 33% chance of financial failure
- In light of that the 2017 Bus Services Act requires Mayors to conduct an independently audited Financial Assessment of any Franchising Proposal before taking the drastic step of irrevocably destroying the commercial model





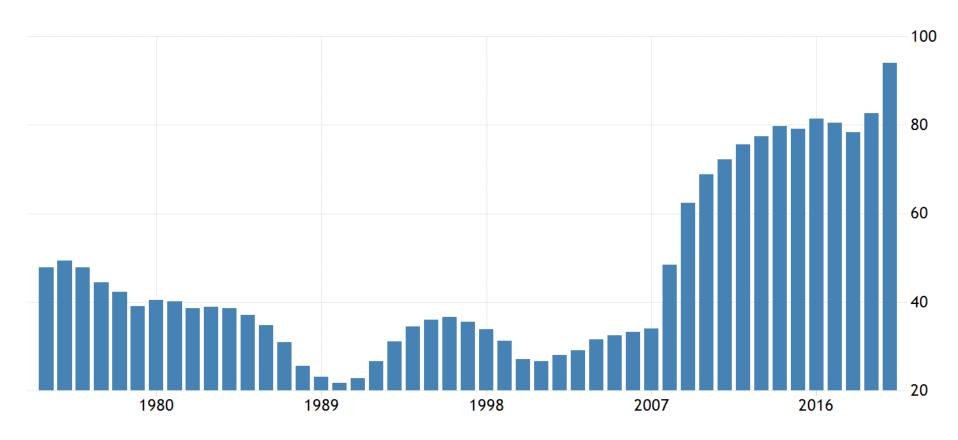
- The Assessment conducted on Manchester in 2019 only assessed the impact of 'business as usual' and, even then, it cost £134m more than the status quo
- It failed to financially assess what is described as 'Phase 2' reducing fares and increasing service levels 'London style' which depends on substantial additional long term public funding
- If you tell the people that Franchising will 'deliver cheaper fares and increased service levels', surely that is what you should assess?
- Over the 50 year assessment period, those proposals would require a huge uplift in public sector expenditure
- That same investment under the status quo would probably have provided better value
- Similar reductions in fares and increases in frequency are being introduced without difficulty in the West Midlands with government funding through partnership without disrupting the commercial model

## Franchise like London The autocratic option

- Command and control
- Safe
- Certain
- Low innovation
- B!\*\*&y expensive
- Funded at the whim of government
- Hostage to public expenditure cuts
- Ask TfL !!
- An option whose time has been and gone
- Environmentally credible but not financially sustainable



#### **UK Public Sector Debt Trend**



TRADINGECONOMICS.COM | OFFICE FOR BUDGET RESPONSIBILITY, UK

#### Is the UK commercial bus model broken?

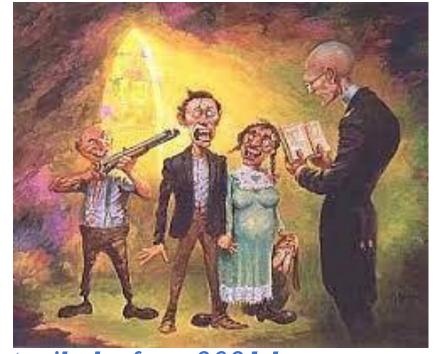
- No, just a bit battered and bruised
- By COVID 19
- By BREXIT



- Simply addressing air quality and congestion alone would deliver a benevolent bus operating environment, triggering significant transformational modal shift
- And breathe new life into the commercial bus model



# The Enhanced Partnership Option?



- Only one formal Enhanced Partnership made voluntarily before 2021 by Hertfordshire County Council
- 70 + have been made since as a direct result of DfT pressure in respect of COVID funding and the National Bus Strategy
- They are mostly pragmatic **Shotgun Marriages** and not a route to the Promised Land
- The NBS focuses on Bus Service Improvement Plans whereas the root problem is failure to manage excessive traffic on city streets and curb car use



## A better option for bus reform?







A financially sustainable path to the Promised Land sharing the spend and the spoils

## **Dynamic Urban Mobility Partnerships?**The democratic option

• Based on a shared vision and clear, agreed objectives

- Independently chaired by a reputable local figure
- Focused on both environmental and financial sustainability
- Driven by car restraint and modal shift
- Funded by public support and private investment
- Delivering returns to the community and the investors
- Fostering innovation and challenge
- Delivering a comprehensive, co-operative, co-ordinated mobility package for consumers



#### The Partners

- Combined Authority
- Highway Authorities
- Police
- Transport Focus
- Trade Unions
- Chambers of Commerce
- Major Community Groups
- NHS
- Education Authorities

- Commercial Bus Operators
- Rail Operators
- Tram Operators
- DRT Operators
- Car Clubs
- Cycling Groups
- E Mobility Operators
- Tourist Board
- Car park operators

#### Governance

- Members Forum
- Steering Group
- Working Parties
- Executive Board
- Operational Staff





- Working Parties
- Finance
- Capital Projects
- Infrastructure
- Network Development
- Pricing, Ticketing and Payment
- Environmental Sustainability
- Economic Regulation
- Marketing
- Innovation

## Execution and Delivery

- A legal entity with an executive management team
- Delivering co-ordination
- Delivering capital projects
- Marketing and promotion of the Partnership Brand
- Stimulating growth and change
- With its own budget
- Allocated by the Partnership Board
- Using the legal powers of the public sector and the delivery and consumer marketing skills of the private sector



## Funding streams

- Cash Flow Analysis
- Levy on all commercial operator gross revenues
- Investing short term margin in long term market growth
- Levy on all urban car parking revenues
- Workplace parking levy
- Congestion charging
- Revenue funding from the Combined Authority
- Government grant funding
- Operator funding for capital schemes based on long term revenue payback

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**Questions?** 





