Operations Committee

Bus and Coach sector: Patronage trends and Economic impact

Date of meeting 8 November 2024 **Date of report** 29 October 2024

Report by Head of Bus Strategy & Delivery

1. Object of report

To update the Committee on the findings of a series of recent reports by the Confederation of Passenger Transport and Confederation of Public Transport (Scotland) and consider their implications for public transport in the SPT area.

2. Background to report

The Confederation of Passenger Transport (CPT) represents operators of UK buses and coaches, acting as a primary voice for the industry to the government on national and international legislation, local regulations, operational practices, and engineering standards.

CPT produces regular reports on the current state of the bus industry in the UK including Scotland. Most recently, KPMG on behalf of CPT has produced three recent reports setting out patronage trends and economic impacts for local bus services and coach services as follows:

- Trends in Scottish Bus Patronage[1] - The objective of this report is to produce a detailed market analysis of the drivers of local bus patronage in Scotland, including identifying broader economic and societal changes impacting on bus use.
- The Economic Impacts of Local Bus Services [2] - The objective of the report is to understand the range of economic impacts linked to bus journeys across Britain.
- The Economic impact of Coach Services[3] - The objective of the report is to understand the range of economic impacts linked to coach journeys across Britain.

The following section summarises the above reports and highlights key points that have particular relevance to and implications for the bus network in Scotland. Many of the trends identified have been highlighted previously through development of the Strathclyde Regional Bus Strategy (SRBS)[4].

3. Update

Taking each report in turn, the following provides a summary of their key points:

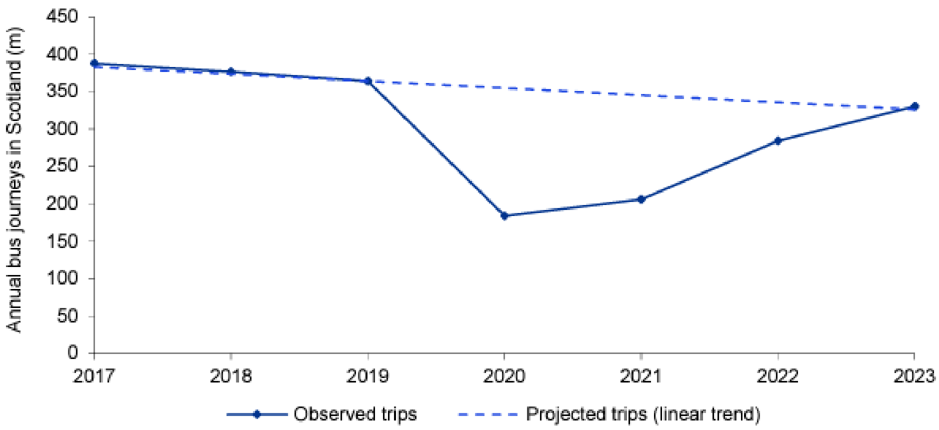
[1] https://www.cpt-uk.org/media/b3rgvsvx/trends-in-bus-use-in-scotland-final-20240904.pdf
[2] https://www.cpt-uk.org/media/couiyy5y/240902-economic-impact-of-bus-final.pdf
[3] https://www.cpt-uk.org/media/zbvptkz1/241001-economic-impact-of-coach-services-final.pdf
[4] https://www.spt.co.uk/about-us/what-we-are-doing/regional-transport-strategy/bus-strategy/

(i) Trends in Scottish Bus Patronage

This report presents the findings of an analysis of trends in bus use in Scotland covering the period 2017 - 2023. In particular, the report covers the period of the Covid pandemic and considers its impact, taking into account longer term trends in bus patronage. The report identifies and quantifies the impact of bus fares, service quality, and broader economic and societal factors influencing bus patronage.

Overall, as detailed in the graph below, and as members will be aware, the Covid pandemic delivered a severe shock to the sector. There was a drop of 180 million bus trips in 2020, followed by a modest increase of 26 million journeys in 2021. However, a recovery began in 2022, with annual journeys increasing by 78 million and further by 46 million in 2023.

Figure 1: Annual bus journeys by calendar year



The report authors conclude that by 2023 patronage levels are where they would have been expected to be without the impact of Covid, although it should be noted that the underlying trend of a decline in overall patronage levels since 2017 continues.

The report considers a number of drivers for demand and their impact on bus patronage.

In terms of Socio-demographic Factors:

- The report notes that changing socio-demographics contributed to 29 million fewer annual bus trips over the period.
- While population growth generated 8.1 million additional trips, increased car ownership and driving licenses offset this increase.
- Competition from cars has historically been, and remains, the primary negative influence on bus use.
- In total, socio-demographic factors account for 43% of the decline in bus use.

In terms of Economic Factors:

- Changes in employment and household income had limited direct impacts on bus use, although they influenced household car ownership.
- Overall, the authors estimate that changing economic factors led to 1.5 million fewer annual bus trips, representing 2% of the total demand change.

In terms of Alternatives to Transport:

- Significantly, the report notes that alternatives such as remote work and online shopping contributed to 26 million fewer annual bus trips.
- While both factors had some pre-pandemic impact, their significant growth during the pandemic accounted for 38% of the overall trip reduction.

In terms of Price, Quality, and Availability of Local Bus Services:

- Changes in pricing, quality, and service availability resulted in 9 million fewer bus trips (14% of the total).
- This includes 18 million fewer trips due to reduced service kilometres and 20 million fewer trips due to increased journey times from highway congestion. These were partially offset by 29 million more trips due to reduced fares and expanded concessionary travel.

In terms of Other Transport Modes:

- Changes in other transport modes, primarily rail services, led to the abstraction of 2 million trips from bus (3% of the total).

Other key points:

- The report concludes that the bus sector in Scotland, and across Britain, faces significant challenges due to evolving transport needs and increasing competition from private vehicles. According to the report, these trends are likely to continue reducing bus patronage, intensifying financial pressures on operators. Crucially the report states that to achieve long-term patronage growth, substantial changes are necessary.
- The authors highlight that achieving a near-term transformation in bus patronage is unlikely through any single measure. A concerted effort is needed to reduce journey times, increase reliability, improve affordability, and leverage technology.
- Stakeholders, the report highlights, should explore ways for operators, technology firms, and local authorities to collaborate and address challenges. This includes fostering innovation, improving infrastructure asset management, and implementing supportive land-use and transport planning policies that align with Scotland's evolving economic and social needs.

(ii) The Economic Impacts of Local Bus Services

This report considers:

- The economic activities of those involved in the provision of bus services, including benefits for companies, employees, and their supply chains.
- The economic and social activities of bus passengers, including direct benefits to passengers and benefits to other road users and the wider community.
- The economic impact of bus passengers interacting with local economies, including passenger spending on goods and services on the High Street

In terms of Economic Activity:

- The report notes that buses are the most used form of public transport in Britian and for every journey on the national rail network, more than 2.5 journeys are taken by bus.
- These journeys, the report states, create direct economic impacts for passengers and operators, with additional benefits for supply chains and communities. For example, 10 million journeys are made by bus across Britain every day and over 100,000 people are employed across the sector.
- In Scotland, the report estimates that approximately 7,000 people are employed across the sector, driving £300 million of value from taxes, wages, and industry profit. Additional benefits are noted to accrue from the provision of bus services spend from the supply chain (£75 million) and spending by employees in operations and supply chain (£100 million).
- Taking into account the activities noted above, the combined economic value of the activities above represents around £66 billion across Britain.

In terms of direct Economic benefits:

- The report estimates that increased bus usage contributes £230 million to the British economy through reduced healthcare costs, improved air quality, and increased social inclusion.
- Additionally, reduced car use due to bus travel leads to £55 million in benefits from less traffic congestion and lower carbon emissions. The option to use buses when needed, or for friends and family, is valued at £285 million.

In terms of indirect Economic benefits:

- The report notes that using buses in Scotland brings significant indirect benefits, estimated at £1,385 million annually. This includes improved access to jobs, education, and essential services for the 301 million passengers who use buses each year, generating £815 million in benefits.
- The report estimates that bus passengers in Scotland contribute significantly to local economies through their spending with leisure passengers spending a total of £775 million, while commuting passengers spend £1,070 million and shoppers spend £1,115 million. Of this spending, the report states that £570 million is expected to be additional expenditure in Scottish high streets which the report concludes would not have happened were it not for the availability of a bus service. Commuters in Scotland are estimated to contribute over £11,500 million in Gross Value Added ("GVA") from their wages into the local economy.

Other key points:

- The report estimates that approximately half of the benefits of bus investment are going to bus users and half to the wider community through decongestion, safety, and clean air benefits, as well as wider economic and social benefits relating to access to employment, education, and volunteering.
- The report suggests that *"a package of investments comprising 70% capital and 30% revenue could be expected to deliver economic benefits equal to £4.55 for each £1 invested."*

(iii) The Economic Impact of Coach Services.

This report considers:

- The economic activities of those involved in the provision of coach services, including benefits for companies, employees, and their supply chains.
- The economic and social activities of coach passengers, including direct benefits to passengers and benefits to other road users and the wider community.
- The economic impact of coach passengers interacting with local economies, including passenger spending on goods and services for shopping, leisure, and tourism.

In terms of Economic Activity:

- The report notes that over 450 million journeys per year are undertaken by coach (equivalent to over 40% of the number of journeys undertaken on the entire national rail network) with journeys including supporting school transport, travel to workplaces, providing rail replacement services and supporting tourist travel.
- The report emphasises the importance of coaches for connectivity across Britain, and particularly in rural areas e.g. serving rural home-to-school trips or remote tourist destinations.

In terms of indirect Economic benefits:

- The report sets out a number of benefits of coach travel including highway decongestion and modal transfer (shifting to coaches from other modes) which is valued at £485 million.
- Other benefits include spending in local economies with an estimated spend of £8.3 billion per year focussed mainly on retail and tourist trips.
- Domestic tourist coach passengers spend £5.4 billion per year at tourist destinations, while international tourists spend £610 million. Those using coaches to travel to local shopping and leisure facilities spend £2.3 billion.
- The report notes the economic impacts of one additional coach passenger from their spending on goods and services for shopping and leisure and tourism estimating this can deliver £1 million of economic value annually to a destination.
- Additionally, there are £1.3 billion in benefits to people who do not use the coach but value the services coaches provide to others as well as valuing the option to travel by coach even if they do not do so currently.

Other key points:

- The report notes that in 2022, 54,000 jobs across Britain were directly employed in the provision of coach services, including drivers, mechanics, schedulers, operations managers, customer service representatives, and those involved in corporate functions generating almost £1.6 billion in wages.
- Additionally, around 27,000 people were indirectly employed in supply chains, including vehicle retailers, fuel suppliers, maintenance and parts providers, technology providers and those responsible for coach stations and depots.
- The report notes that in Scotland, approximately 6,500 people are employed across the sector, with £465 million of value from taxes, wages, and industry profit. The coach economy in Scotland is estimated to be worth £640 million in Scotland.
- The report suggests a number of various ways national and local government can support improved coach access and usage. These include investment in coach stations, fast electric charging facilities, improved driver facilities, better signage, and parking provision. In doing so, the report argues, there is the opportunity to increase coach usage, further increasing benefits.

4. Considerations for Strathclyde Regional Bus Strategy (SRBS)

Overall, the three reports by CPT reiterate and update upon many of the trends identified and highlighted previously through development of the SRBS. Continued long term decline in bus use remains a major concern across Scotland, particularly in Strathclyde, despite a modest upturn in bus usage following the Covid 19 Pandemic.

The decline in bus usage is derived by several factors as detailed in the reports, many of these being outwith the control of bus operators (particularly congestion-related), leading to service reductions and fares increases over the period considered, only partly offset by increased Concessionary travel. Similarly, the economic impact of the local bus and coach markets is materially significant to the Scottish economy in terms of jobs, access to goods & services and to delivering wider economic and environmental benefits as detailed.

SPT concur that achieving a near-term transformation in bus patronage in Strathclyde is unlikely through any single measure and that a concerted effort is needed to reduce journey times, increase reliability, improve affordability, and leverage technology. All such factors are being considered in detail through the further development of the SRBS.

5. Committee action

The Committee is recommended to:

(i) Note the findings from the three reports published by CPT;

(ii) Note the potential impacts of the trends described on the wider bus industry in the UK;

(iii) Note that the three CPT reports provide further useful background information in support of the further development of the Strathclyde Regional Bus Strategy (SRBS).

6. Consequences

Policy consequences	*None directly*
Legal consequences	*None directly*
Financial consequences	*None directly*
Personnel consequences	*None directly*
Equalities consequences	*None directly*
Risk consequences	*None directly*
Climate Change, Adaptation & Carbon consequences	*None directly*

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