

Bus Reform: Case for Change

VERSION 0.99 DATE 22/09/22



This document sets out whether there is a justification for SYMCA to explore the opportunity to franchise the bus network in South Yorkshire via a business case.

Approved by xxxxx on xxxx

Review Date: xxxx

Author(s)

Director Responsible

Range

Version Date

Implementation / Approval Date

Review Date

Review Body

Risk Group

Reference Number

Purpose of the document:

The purpose of this document is to provide an authoritative and rigorous Case for Change as to whether South Yorkshire Mayoral Combined Authority (SYMCA) should look at alternative model for delivering bus services in South Yorkshire, including franchising.

A notice of the intention to prepare an assessment of a proposed bus franchising scheme for South Yorkshire was issued in March 2022, and as per the Bus Services Act 2017, incorporated in the Transport Act 2000, this Case for Change is the advance work on the franchising assessment.

It aims to evidence and provide insight as to why further investigation into bus reform is necessary. This is **not** a decision to franchise or otherwise, but the start of the process to explore whether market intervention could help address the challenges facing the bus network within South Yorkshire.

Document Control:

Version	Date	Brief Summary of Changes	Author
1	21/09/2022	Draft of Case for Change for submission to Mayor's office	Chris Grey/ Sam Alexander
2	18/10/2022	Edits made based on feedback from John Dowie and Stephen Edwards	Chris Grey
3			
4			
5			
6			
7			
8			
9			
10			

Contents

Executive summary	5
1.0 Overall aims and objectives	6
The role of transport in the development of the South Yorkshire Region	6
2.0 The South Yorkshire Region.....	8
2.1 Geographical location, population and economy	8
2.2 Air quality in South Yorkshire and climate change	17
2.3 Local Bus system – key trends and travel demands	11
2.4 Commercial operator and tendered bus services landscape	16
3.0 Challenges related to the bus service provision in South Yorkshire	18
3.1 Punctuality	18
3.2 Reliability.....	20
3.3 Inconsistent standards and accessibility	20
3.4 Service changes	21
3.5 Frequency	21
3.6 Connectivity	21
3.7 Ticketing.....	22
3.8 Personal safety	23
4.0 Underlying causes of challenges: justification for exploring further market intervention ..	24
Figures and Tables.....	27
Appendix 1 – Community transport services	28
Appendix 2 - Bus service challenges and underlying causes	29
Appendix 3 – Challenges workshop	34

Executive summary

This Case for Change discusses whether there is a justification for exploring further market intervention in the SYMCA bus market.

The SYMCA area is relatively densely populated and urbanised with a relatively deprived population and concentrated pockets of economic activity. This is an environment in which a bus market would be expected to flourish.

However, bus patronage in South Yorkshire is experiencing a long-term decline. Importantly, while this situation is not unique to South Yorkshire, there are other local authorities in England that have experienced an increase in bus patronage per head of population proving that such decline is not inevitable.

The decline in South Yorkshire has been linked to a range of challenges, such as punctuality, frequency, and connectivity. These challenges have been reviewed extensively in the Bus Review and Bus Service Implementation Plan (BSIP) and this Case for Change develops those findings and identifies three categories of underlying cause:

- Bus market failures (where the market is not delivering the desired outcomes)
- Wider failures (negative consequence of the current system that are not classical market failures, eg misalignment of political incentives)
- Failure to utilise existing powers and processes (acknowledging that more could be done without new powers)

South Yorkshire's bus network is suffering from a vicious cycle of decline with falling patronage leading to defensive behaviours from operators - with low levels of investment and innovation and limited collaboration - which in turn reinforce patronage decline. The Case for Change argues, that while more could be done with existing powers reversing the current trend may require a more significant intervention in the market in order to correct both market and wider failures.

During the development of the Case for Change, the bus market in South Yorkshire has been described as neither experiencing the benefits of sustainable competition, with Operators competing to attract customers, or of a sustainable monopoly, with Operators utilising their secure position to invest and innovate to reverse the decline. The findings of this Case for Change, particularly the underlying causes, would support this hypothesis.

It is doubtful that Business as Usual will allow bus services to escape from this vicious cycle of decline. The development of a business case to evaluate different options, including maintaining the current Enhanced Partnership and Franchising, is therefore justified.

1.0 Overall aims and objectives

This chapter provides a summary overview of the South Yorkshire Mayoral Combined Authority's overall aims and objectives and the role that public transport, and bus services in particular, will play in relation to those aims and objectives.

THE ROLE OF TRANSPORT IN THE DEVELOPMENT OF THE SOUTH YORKSHIRE REGION

SYMCA has the power to be the franchising authority, as defined in the Transport Act 2000, for South Yorkshire. SYMCA has powers over (amongst other matters) transport, economic development and regeneration, and adult education.

This Case for Change has been developed with reference to SYMCA's aims and objectives and the role that public transport, and bus services in particular, will play in achieving those aims and objectives.

SYMCA's overall goals, are set out below:

*"The Mayor, MCA and the [Local Enterprise Partnership Board] (LEP) have a shared purpose to create a stronger, greener, fairer South Yorkshire with a vision to grow an economy that works for everyone. [The] Strategic Economic Plan (SEP) provides the blueprint for how the region will be transformed with the overall aim of keeping people and businesses moving and helping them grow, delivering a public transport network and attracting investment to create a stronger, greener, fairer South Yorkshire by 2040."*¹

Specifically with regards to public transport, the vision is to:

*"Build a transport system that works for everyone, connecting people to the places they want to go within the City Region as well as nationally and internationally. Our transport system will be safe, reliable, clean, green and affordable. It will be one of the best in the United Kingdom and Europe."*²

The three goals that support the overall transport vision³ are:

- Residents and businesses connected to economic opportunity (further discussion in footnote)⁴
- A cleaner and greener Sheffield City Region
- Safe, reliable and accessible transport network.

Building on these overall goals, the South Yorkshire Bus Service Improvement Plan published in 2021 sets out the collective vision of SYMCA and bus operators for the bus network in South

¹ *We are the South Yorkshire Mayoral Combined Authority (SYMCA)*. South Yorkshire MCA. Available at: [South Yorkshire Mayoral Combined Authority - South Yorkshire MCA \(southyorkshire-ca.gov.uk\)](https://www.southyorkshire-ca.gov.uk) (Accessed: 9 September 2022)

² *Transport Strategy*. South Yorkshire MCA. Available at: [SCR Transport Report-v4-5-04-06-19-\(1\).pdf \(southyorkshire-ca.gov.uk\)](https://www.southyorkshire-ca.gov.uk) at page 4 (Accessed: 9 September 2022)

³ *Transport Strategy*. South Yorkshire MCA. Available at: [SCR Transport Report-v4-5-04-06-19-\(1\).pdf \(southyorkshire-ca.gov.uk\)](https://www.southyorkshire-ca.gov.uk) (Accessed: 9 September 2022)

⁴ The Transport-Related Social Exclusion Report, commissioned by Transport for the North to identify transport-related social exclusion in the North of England, highlighted that bus services tend to deliver predominantly utility/commuter trips to town/city centres rather than trips outside of town/city centres resulting in isolated communities and social exclusion

Yorkshire. It reflects a shared belief in the importance of bus services to the future success of the region:

“Buses connect people to jobs, education, shops, health, leisure, family and friends; they are part of the fundamental fabric that shapes economic and social cohesion in our places and communities.”⁵

The ambitions for the bus network⁶, in practical terms, as stated in the South Yorkshire Bus Service Improvement Plan are⁷:

- A cap on daily and weekly fares and free travel for under 18s, plus access to cashless ticketing to create an easy-to-use system
- A faster, more reliable, and punctual system helped by significant bus priority measures
- A better bus experience from shelters to information, backed by a new customer charter
- A new zero emission bus fleet and on-demand bus service

The goals and strategies highlighted above show the importance of public transport in delivering the overall vision for SYMCA.

⁵ *South Yorkshire Bus Service Improvement Plan*. South Yorkshire MCA. Available at: [37770_Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 6 (Accessed: 9 September 2022)

⁶ *South Yorkshire Bus Service Improvement Plan*. South Yorkshire MCA. Available at: [37770_Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 6

⁷ To be noted that the funding required was not received

2.0 The South Yorkshire Region

This chapter provides a summary overview of the South Yorkshire region and local bus system. Buses are generally seen to succeed in areas which have high population density, high concentration of employment and a significant proportion of low income households. This chapter starts by looking at the region in terms of population size and density, the type and concentration of economic activity, and finally the proportion of low-income households. It shows that South Yorkshire would be expected to have a growing (or at least not a declining) bus network.

The chapter then goes on to look at the local bus system and tracks the decline in bus patronage across the area. This decline would appear to be at odds with the geographic and economic make up of South Yorkshire indicating that the current bus market is not operating effectively and achieving desired outcomes.

Finally, air quality and CO2 emissions in the region are considered because a key goal of SYMCA is to create a cleaner and greener region (and SYMCA has committed to net zero by 2040).

2.1 GEOGRAPHICAL LOCATION, POPULATION AND ECONOMY

The South Yorkshire region covers 1,552 square kilometres (559 square miles) and had a population of 1.375m in 2021. The region is comprised of four local authority areas: Barnsley, Doncaster, Rotherham and Sheffield and its polycentric nature makes good transport connectivity vital to achieving inclusive and sustainable economic growth.

Table 1 below sets out the population, geographical size and population density across South Yorkshire's four local authorities.

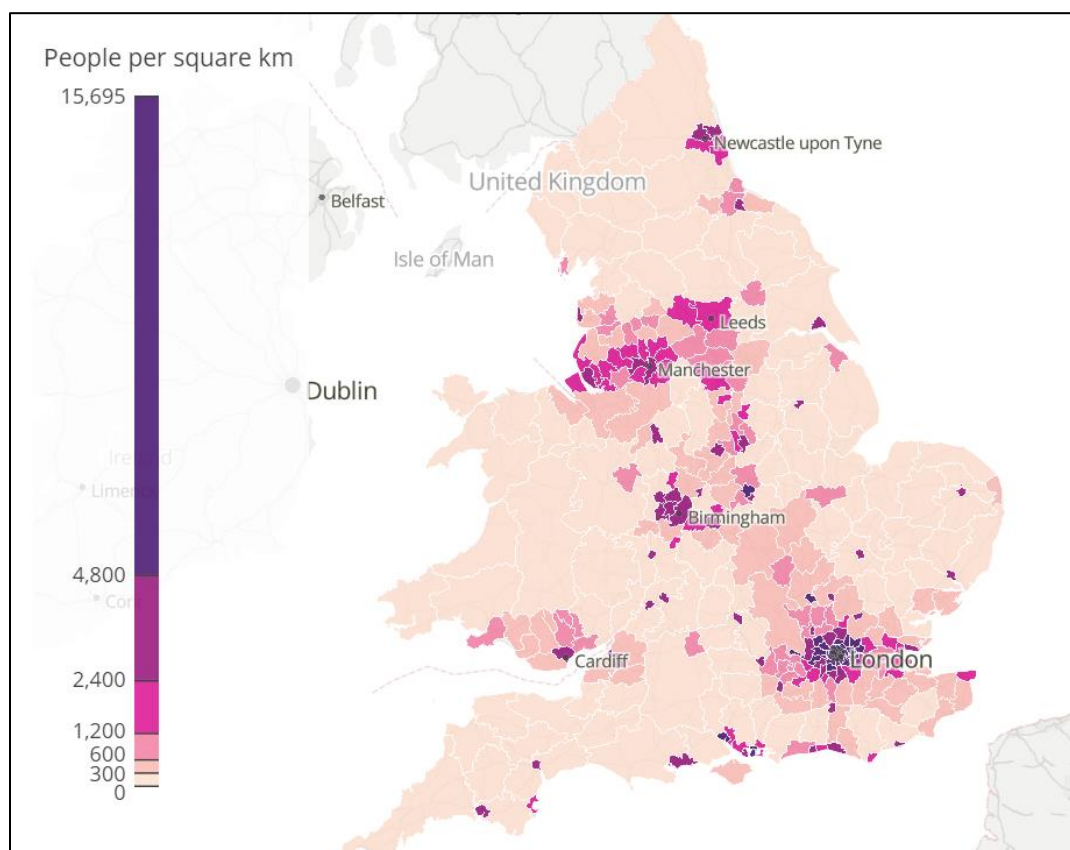
Table 1: South Yorkshire in numbers (Source: ONS 2021)

Local Authorities	Population	Size (square km)	Population Density (pop./sq. km Gross*)
Barnsley	244,600	329	743
Doncaster	308,100	569	542
Rotherham	265,800	286	928
Sheffield	556,500	368	1,513

** Gross population density can be defined as total land area including roads, open spaces etc. whereas net population density is that of the area occupied by houses, private gardens, access roads etc.*

The population density in England and Wales varies across local authorities (see Figure 1 below) with a significant number of local authorities in 2021 having a population density below 300 residents per square kilometre.

Figure 1: Population density, 2021, local authorities in England and Wales (Source: ONS 2021)



In 2021, the population density in England was 434 residents per square kilometre with the London region having a very high population density of 5,598 residents per square kilometre. Birmingham and Leeds had a population density of 4,275 and 1,472 residents per square kilometre respectively. While Bassetlaw and North Lincolnshire (neighbours to the South Yorkshire region) had a population density of 185 and 200 residents per square kilometre respectively.⁸ This indicates that though the population density in South Yorkshire is below the population density in local authority areas such as London and Birmingham the population density is similar to that of Leeds and significantly more than that of neighbouring areas such as Bassetlaw and North Lincolnshire.

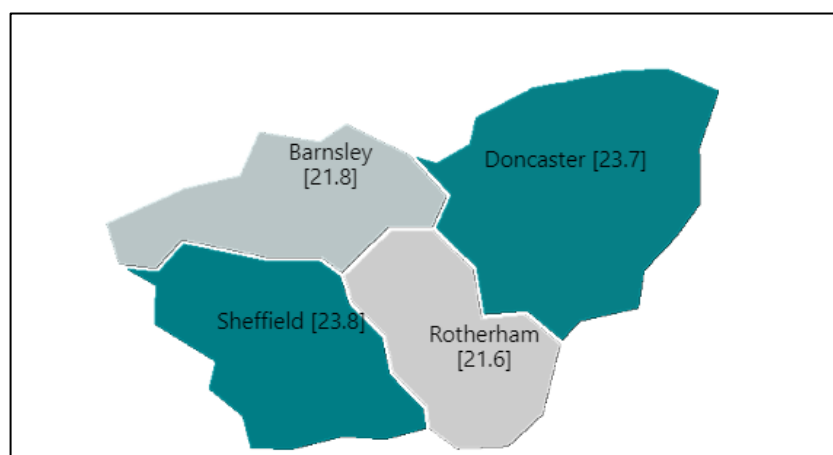
The correlation between population density and ridership has been longstanding in the bus sector – the more potential passengers the higher the likely demand. Greater density of network, extended hours of operation and weekend running may all be justified and commercially viable in a densely populated geography.⁹

In addition to having a relatively high population density compared with neighbouring local authorities, the South Yorkshire region has a significant proportion of its population who count as deprived – more than double the national average.

⁸ [Population and household estimates, England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/population/population-estimates/population-estimates-in-england-and-wales)

⁹ White, P. (2017) Public Transport

Figure 2: Proportion of areas in most deprived 10% nationally (Source: SYMCA Data Intelligence Hub)¹⁰



The South Yorkshire Bus Service Improvement Plan (BSIP), which was developed in response to the Bus Back Better national strategy for buses in England, and the South Yorkshire Bus Review (Bus Review), which was concluded before the COVID-19 pandemic, helps expand on Figure 2:

“Whilst recent years have seen rapid jobs growth, they have largely been in lower paid employment and/or jobs with insecure contracts. South Yorkshire has low levels of people with qualifications of NVQ4+ (5.6% below the national average), higher than UK average levels of unemployment (5.4% vs 4.6%), a high economically inactive rate (23.6%), and a higher number of people who want a job (26.9%) compared to the national average (22.6%).”¹¹

“A third of all employment [in South Yorkshire] is in the four sectors most strongly associated with in-work poverty: wholesale and retail, accommodation and food, administrative and support services, and residential care. On average, full-time workers in the Sheffield City Region receive £57 less in gross weekly pay than the national average.”¹²

The high proportion of low-income households and employment requiring employees to be on site suggests a high proportion of captive bus users in South Yorkshire. Bus users can be separated into two categories: Captive users and discretionary users. Captive users can be described as users who have no other form of transport, and are required to use the public transport network in order to move around the region. Discretionary users can be described as users who have other means of travel but who may choose to use public transport if it is convenient and accessible. Captive users are predominantly from low-income households, whose work requires them to be on site, such as manufacturing, distribution, healthcare etc. Also, those who are reliant on public transport to access services, amenities and caring responsibilities. Therefore, the greater number of residents in deprived areas equates to a greater number of captive bus users.

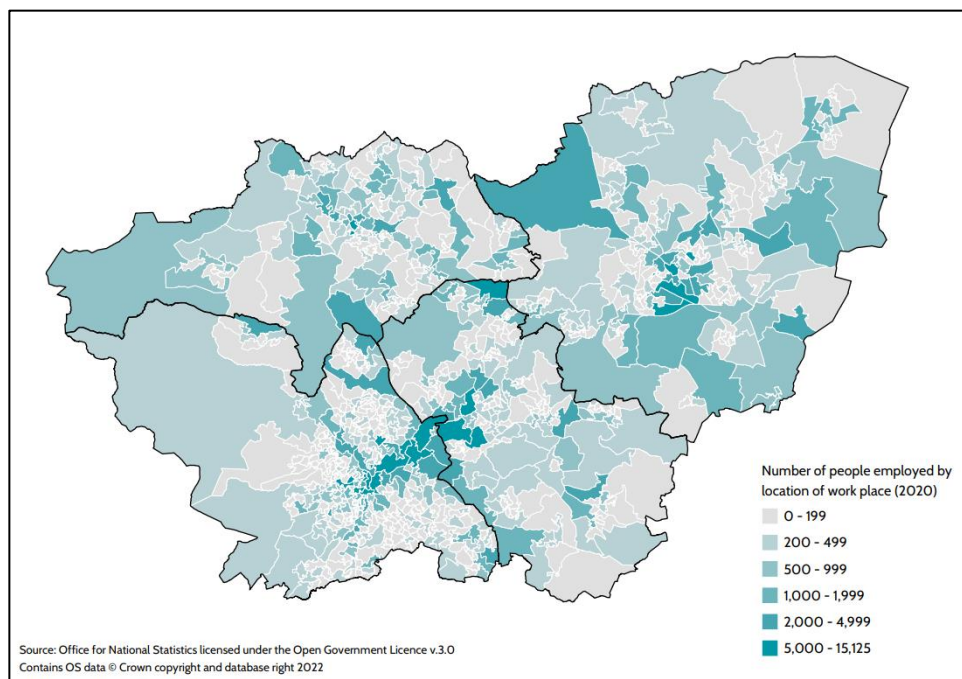
In addition to largely lower paid employment and/or jobs with insecure contracts, employment rates in the region are concentrated in a few places (see figure 3 below).

¹⁰ [Inclusion - South Yorkshire MCA \(southyorkshire-ca.gov.uk\)](https://southyorkshire-ca.gov.uk/inclusion)

¹¹ [South Yorkshire Bus Service Improvement Plan](https://southyorkshire-ca.gov.uk/getmedia/2b2b8b2d-718d-485d-8c81-179535fbf335/BUS-Service-Improvement-Plan_FINAL.pdf). South Yorkshire MCA. Available at: [37770_Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](https://southyorkshire-ca.gov.uk/getmedia/2b2b8b2d-718d-485d-8c81-179535fbf335/BUS-Service-Improvement-Plan_FINAL.pdf) page 36 (Accessed: 9 September 2022)

¹² [South Yorkshire Bus Review](https://southyorkshire-ca.gov.uk/getmedia/2b2b8b2d-718d-485d-8c81-179535fbf335/BUS-Review-Report-June-2020.pdf). South Yorkshire MCA. Available at: <https://southyorkshire-ca.gov.uk/getmedia/2b2b8b2d-718d-485d-8c81-179535fbf335/BUS-Review-Report-June-2020.pdf> page 37 (Accessed: 9 September 2022)

Figure 3: Economic activity across the region (Source: ONS)



Fast, reliable, convenient, and affordable transport can provide better access to employment, higher paying jobs and healthcare and improve quality of life and reduce social isolation.¹³ This is especially relevant for helping people on low incomes move from welfare into work, since they rely more on bus services; around half of people in poverty do not have a car. In addition, a well-functioning bus network can provide access to skills and education opportunities and improve access to markets and supply chains for businesses, thereby increasing the number of jobs, particularly high value jobs in the region.¹⁴

Research commissioned by Local Trust from Oxford Consultants for Social Inclusion (OCSI) and that contributed to the formation of an All-Party Parliamentary Group (APPG) for 'left-behind' neighbourhoods highlighted the importance of connectivity to local residents seeking to effect change in their neighbourhoods. Poor public transport and digital connectivity makes it difficult to build the partnerships which can serve to improve areas.¹⁵

South Yorkshire's population size and density, concentrated areas of economic activity and higher proportion of low-income households lends itself to being a region that should have a strong bus network that can support economic growth and social inclusion.

2.2 LOCAL BUS SYSTEM – KEY TRENDS AND TRAVEL DEMANDS

Despite the social, economic and geographic conditions set out above, South Yorkshire's bus network is in decline, this is summarised in the BSIP:

¹³ *South Yorkshire Bus Service Improvement Plan*. South Yorkshire MCA. Available at: [37770_Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 36 (Accessed: 9 September 2022)

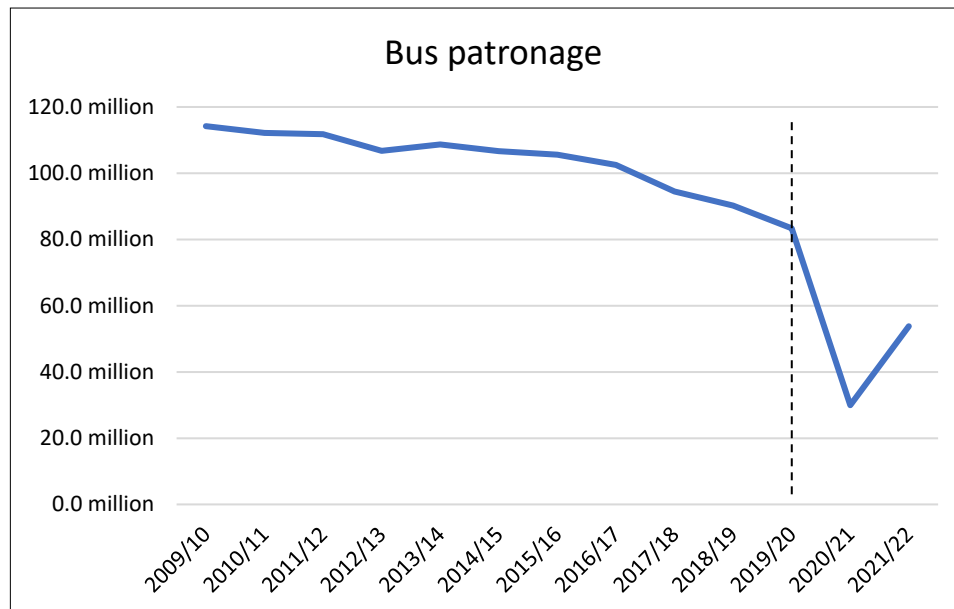
¹⁴ *Transport Strategy*. South Yorkshire MCA. Available at: [SCR_Transport_Report-v4-5-04-06-19-\(1\).pdf \(southyorkshire-ca.gov.uk\)](#) page 44 (Accessed: 9 September 2022)

¹⁵ *Left behind? Understanding communities on the edge. Executive summary* [Local-Trust-Left-Behind-Report-Executive-Summary-December-2019.pdf \(localtrust.org.uk\)](#) page 1 (Accessed: 9 September 2022)

“The South Yorkshire bus network is in decline, [following a similar national trend as seen in Figure 4 and 7 below]. Over the decade before the COVID-19 pandemic, annual passenger miles fell by 23 million, bus miles operated reduced by 11.5%.”¹⁶

“Passenger journeys in South Yorkshire fell from nearly 115 million in 2009/10 to just over 90 million in 2018/19 (the last full year before the COVID-19 pandemic) – a fall of over 21%. The COVID-19 pandemic accelerated decline [with passenger journeys still below pre-covid levels, as shown in Figure 4].”¹⁷

Figure 4: Annual bus patronage in South Yorkshire between 2009/10 to 2021/22 (Source: DfT)



This trend of decline is in line with the patronage decline in other local authorities (with some exceptions), as well as across England as a whole, as shown in figure 6 and 7 below.

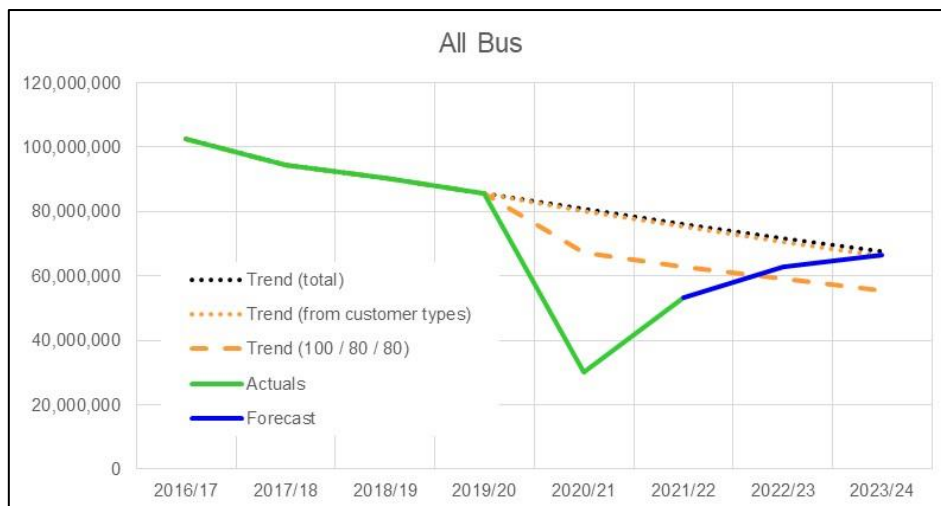
“Despite recent recovery, patronage levels are not forecast to rise above 80% of pre-COVID trend levels in the next 12 months, even without further restrictions, [as demonstrated by figure 5 below].”¹⁸

¹⁶ South Yorkshire Bus Service Improvement Plan. South Yorkshire MCA. Available at: [37770_Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 8 (Accessed: 9 September 2022)

¹⁷ South Yorkshire Bus Service Improvement Plan. South Yorkshire MCA. Available at: [37770_Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 14 (Accessed: 9 September 2022)

¹⁸ South Yorkshire Bus Service Improvement Plan. South Yorkshire MCA. Available at: [37770_Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 18 (Accessed: 9 September 2022)

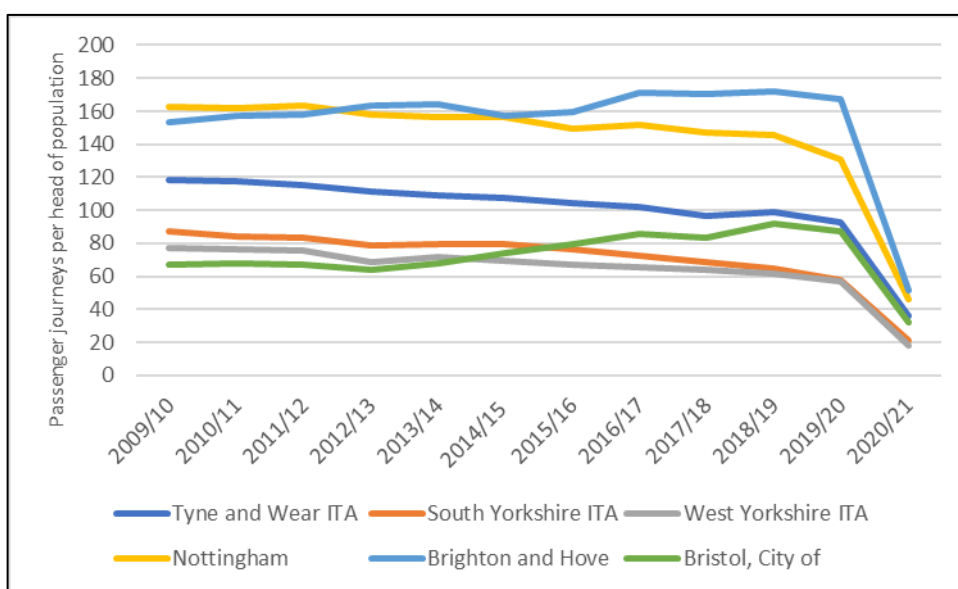
Figure 5: South Yorkshire bus patronage forecast (Source: SYPTE)



Bus patronage is likely to fall significantly short of the target patronage of 77m by end of 2023/2024 in the Bus Service Improvement Plan (BSIP) if the patronage forecast of 65m materialises.

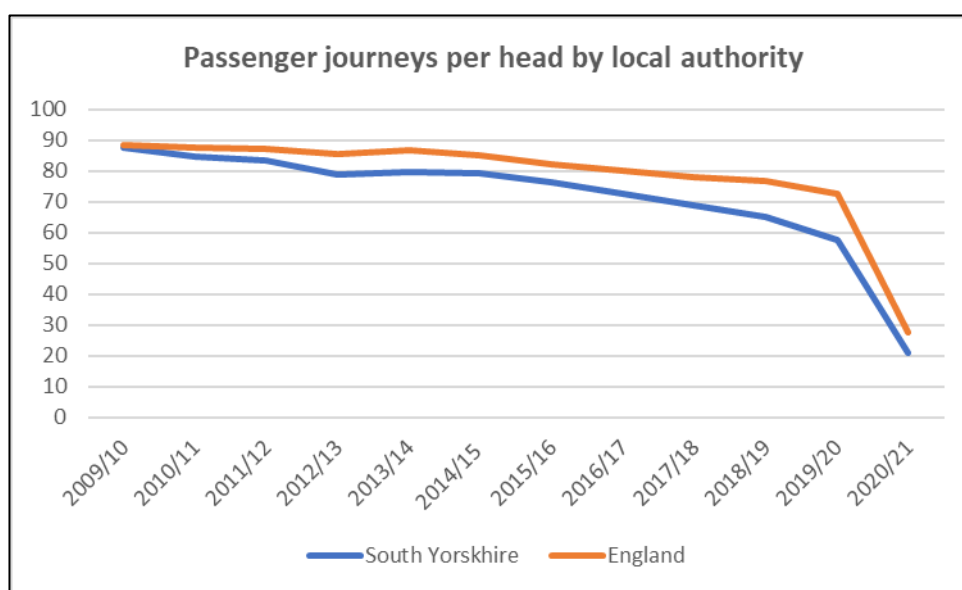
Figure 6 below shows South Yorkshire is far from alone among other local authority bus markets in experiencing a long-term trend of decline. However, its decline has been greater than that across England (Figure 7), and, more significantly pre - COVID-19, local authorities such as Bristol and Brighton managed an increase in bus patronage (Figure 6) indicating that bus patronage decline is not inevitable.¹⁹ This is a critical point and suggests that with the correct policy initiatives, SYMCA could reverse the current trend.

Figure 6: Passenger journeys on local bus services per head of population by Local Authority since 2009/10 (Source: DfT)



¹⁹ Population rise does not appear to be the driving factor here, as journeys are measured per head of population, but rather factors contributing to the increase included an underlying strong economy, white collar bus travel, investment in bus priority/ increased parking controls and fare initiatives by the main operators.

Figure 7: Passenger journeys per head of population, South Yorkshire and England
(Source: DfT)²⁰



Finally, the decline in passenger number is seen in different user groups, with the exception being Children (Figure 8), and does not appear to be impacted by concessions on travel fares. The Bus Review finds the following:

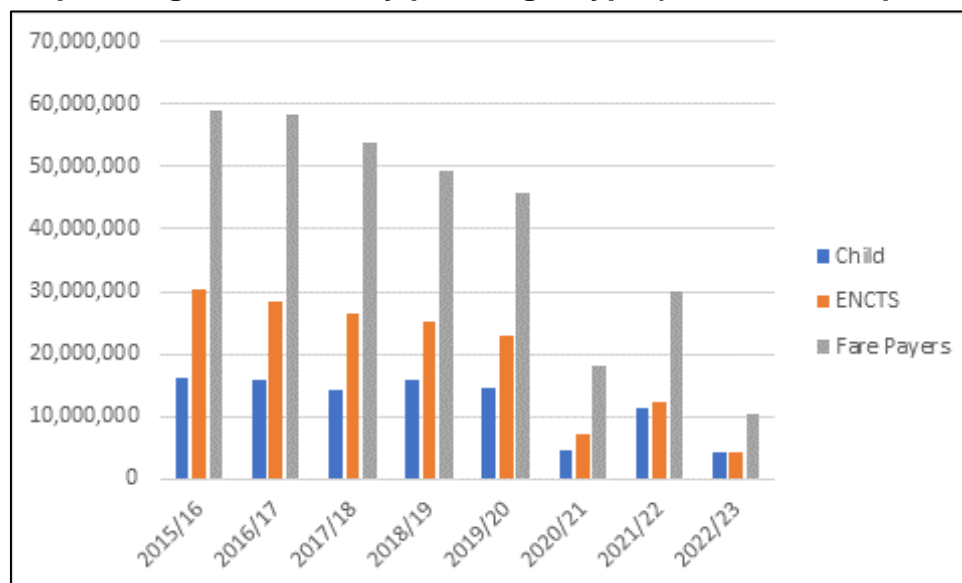
“Locally, patronage decline has been most significant among English National Concessionary Travel Scheme (ENCTS) pass holders. Between 2009/10 and 2018/19 ENCTS patronage declined by 31% and has accounted for 47% of combined patronage decline (including fare paying, child and ENCTS passengers).”²¹

²⁰ DfT, *Passenger journeys on local bus services per head by local authority: England, from 2009/10*. Available at: [bus0110.ods \(live.com\)](https://bus0110.ods.live.com) (Accessed 9 September 2022)

²¹ *South Yorkshire Bus Review*. South Yorkshire MCA. Available at: <https://southyorkshire-ca.gov.uk/getmedia/2b2b8b2d-718d-485d-8c81-179535fbf335/Bus-Review-Report-June-2020.pdf> page 22 (bus operator data) (Accessed: 9 September 2022)

“ENCTS decline has largely been driven by local and national changes to pass restrictions but also increased ownership of private vehicles by older people. ... In addition, the Government has not provided the necessary level of funding to transport authorities including SYPTE to reflect the cost of concessionary travel, which has added to the financial burdens on SYPTE and bus operators. Combined, this has created a significant exit from the bus network of passengers who have been using services which were on the cusp of viability.”²²

Figure 8: Annual passenger volumes by passenger type (Source: Bus operators)²³



The ENCTS decline was accelerated by the COVID-19 pandemic in 2020/2021 (as shown in Figure 9 above), with a small increase in 2021/2022 during the COVID-19 pandemic recovery period.

Surveys of customer satisfaction are mixed. The results of an annual SYMCA travel survey conducted in 2019/2020 showed that 57% of the total respondents (1,200 people covering users and non-users of public transport) were satisfied or better with the overall bus service in the region with only 47% of the respondents being satisfied with bus services from a value for money perspective. This survey differs from the Transport Focus satisfaction survey which relates to specific journeys being made and is a bus user only survey. The SYMCA annual survey relates to satisfaction with regards to bus service in general and covers users and non-users of public transport.

The results of the Transport Focus satisfaction survey conducted in 2019 showed that 53% of respondents were very satisfied with their overall bus journey in South Yorkshire, with 36% being fairly satisfied. The overall satisfaction with journeys across all the authority areas ranged from 76% to 95%, mean rating is 89.2%, with South Yorkshire scoring 89%.²⁴ This would appear to suggest that there is a strong base from which to build an increase in passenger demand.

Declines in bus usage is often linked to an increase in car ownership. The Bus Review states that:

²² *South Yorkshire Bus Review*. South Yorkshire MCA. Available at: <https://southyorkshire-ca.gov.uk/getmedia/2b2b8b2d-718d-485d-8c81-179535fbf335/Bus-Review-Report-June-2020.pdf> page 22 (bus operator data) (Accessed: 9 September 2022)

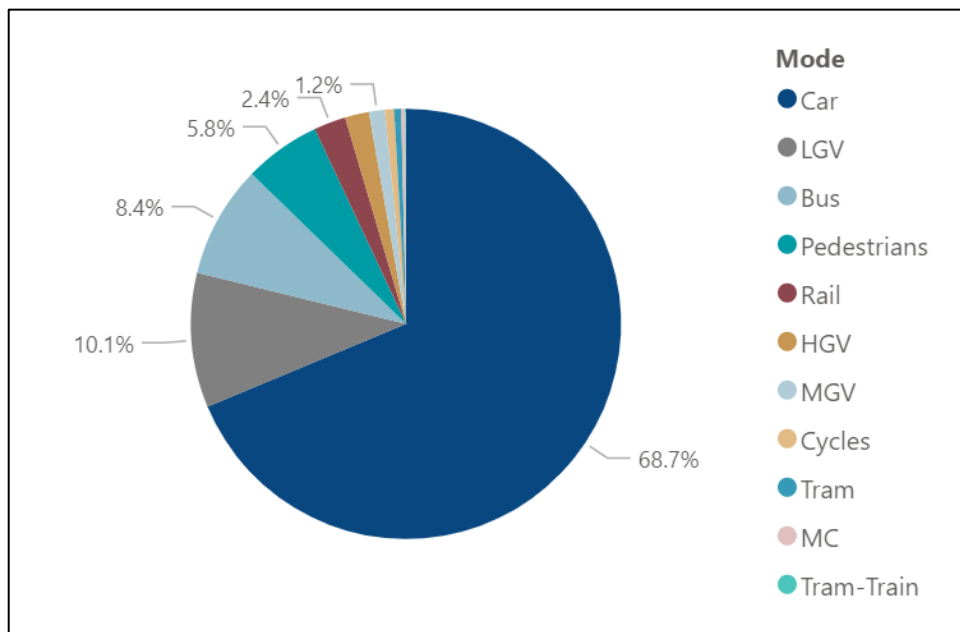
²³ To be noted that 2022/23 data covers only part of the 2022/23 year

²⁴ [Bus-passenger-survey-autumn-2019-main-report.pdf](https://d3cez36w5wymxj.cloudfront.net/BUS-passenger-survey-autumn-2019-main-report.pdf) (d3cez36w5wymxj.cloudfront.net) page 7

“Historically, buses were considered the best value for money mode of transport. This position has been seriously challenged by the increased affordability and convenience of private vehicle ownership.”²⁵

The increased affordability and convenience of private car ownership is believed to be due to factors such as the freezing fuel duty by the Government, cuts in bus subsidy and real terms increases in bus operator underlying costs such as staffing and the cost of vehicles. Figure 10 shows the dominance of the private car use locally which presents a significant modal shift challenge if the system is to reverse the trend of patronage decline.

Figure 9: Mode share for all journeys in South Yorkshire, 2020 (Source: SYMCA – Data Intelligence Hub)



However, these are trends which apply across the country (car ownership has increased from 28m cars in 2010 to 32m in 2021)²⁶. Despite this trend, some local authorities have managed to increase demand for buses.

Despite South Yorkshire having the geography, population and economic environment that would benefit from a strong bus network the demand for bus services has declined in absolute terms, and to a greater extent than the national trend. This decline aligns with a shift to increased car usage. However, as shown by Brighton and Bristol, the national increase in car ownership does not have to lead to a decrease in bus travel. The decline experienced by South Yorkshire is not inevitable.

2.3 COMMERCIAL OPERATOR AND TENDERED BUS SERVICES LANDSCAPE

There are currently eight bus operators operating fixed routes and tendered services within the South Yorkshire boundary, with other bus services being run by cross boundary operators and school bus operators. The two largest operators (First South Yorkshire and Stagecoach

²⁵ South Yorkshire Bus Review. South Yorkshire MCA. Available at: <https://southyorkshire-ca.gov.uk/getmedia/2b2b8b2d-718d-485d-8c81-179535fbf335/Bus-Review-Report-June-2020.pdf> page 23 (Accessed: 9 September 2022)

²⁶ <https://www.gov.uk/government/statistical-data-sets/vehicle-licensing-statistics-data-tables#all-vehicles>

Yorkshire) operate 96% of the annual bus mileage across the region with the bus market in Doncaster being operated largely by First South Yorkshire and in Barnsley largely by Stagecoach Yorkshire.

SYMCA provides an annual grant to Community Transport operators to support the provision of services to those who are unable to access conventional bus services through lack of options or reduced mobility (please see appendix 1 for a list of community transport services).

Even though there are multiple operators in the market, the competition is not delivering for South Yorkshire as bus operators are not developing their networks and expanding the quality of their service (see next section). Conversely, even though there are two major operators with clear geographic footprints, this is not an exclusively monopolistic market where bus operators could benefit from being able to invest with limited risk from competition and provide a joined-up service which could attract additional passengers. The South Yorkshire bus market would appear to be in an uncomfortable position where there are neither the benefits of sustainable competition nor the benefits of a “sustainable monopoly”.

2.4 AIR QUALITY IN SOUTH YORKSHIRE AND CLIMATE CHANGE

“South Yorkshire faces significant air quality issues. There are 28 areas in the region that have been declared as [Air Quality Management Areas] (AQMAs) for exceedances of the pollutant NO₂. The entire urban area of Sheffield has been identified as an AQMA, in addition to 6 locations in Barnsley, 7 in Rotherham and 8 in Doncaster. Each of these AQMAs has an Air Quality Action Plan (AQAP), setting out measures which will reduce emission levels. The biggest cause of this pollution is transport, especially diesel vehicles.”²⁷

Local road transport also contributes to 36% of all CO₂ emissions in South Yorkshire impacting climate change. It should be noted that car journeys made up 68.7% and bus journeys 8.4% of all journeys in South Yorkshire in 2020, implying that a significant reduction in CO₂ emissions will require a reduction in car journeys, although switching to EV buses would have a positive impact as well.²⁸

The air quality issues in South Yorkshire and the strategic objective to achieve carbon neutral transport network indicates the importance of high-level bus patronage in the region. Achieving these goals will require a reversal to the decline in passenger numbers.

²⁷ ZEBRA Full business case page 20

²⁸ *South Yorkshire Bus Service Improvement Plan*. South Yorkshire MCA. Available at: [37770 Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 8. SYMCA Data Intelligence Hub (public transport data) (Accessed: 9 September 2022)

3.0 Challenges related to the bus service provision in South Yorkshire

This chapter provides a summary of the key challenges related to bus service that have been identified in the South Yorkshire Region.

As shown in section 2.2 (Local bus system – key trends and travel demands) the overarching challenge faced by SYMCA is a falling demand in bus patronage.

“The cordon count data shown in the table below illustrates the correlation between the decrease in bus journeys identified previously and increased car usage (Note that the figures for [2019 and] 2020 are impacted by the COVID-19 pandemic).”²⁹

Table 3 – Correlation between the decrease in bus journeys and the increase in car usage

Mode	South Yorkshire-wide Cordon Count (vehicles)			
	2017	2018	2019	2020
Bus	173,030	163,316	159,827	84,287
Car	742,245	749,991	739,83	685,763

In 2020 an independent South Yorkshire Bus Review led by Clive Betts MP was commissioned with public consultation at the heart of the review. *“Over 5,900 responses were received from residents (both users and non-users) community groups, businesses, organisations and interest groups about their experiences of the bus network – providing a rich evidence base on which to develop plans to address these issues.”³⁰*

The review highlighted eight key findings that need to be addressed and the Bus Service Improvement Plan developed in response to the “Bus Back Better”, the National Bus Strategy, uses the findings and evidence gathered in the review to set out the current situation with the South Yorkshire bus network.³¹ The key findings have since been validated and added to (see Appendix 2 for contributors), to reflect changes in the bus market since the review took place. To avoid repeating work previously conducted, this Case for Change has not set out to challenge the findings of the Bus Review or the BSIP.

The challenges identified are listed below and in Appendix 2 (Bus service challenges and underlying causes). It should be noted that the challenges have not been listed in order of priority and no such prioritisation exercise was undertaken. The challenges listed are high level themes, with data included where available.

3.1 PUNCTUALITY

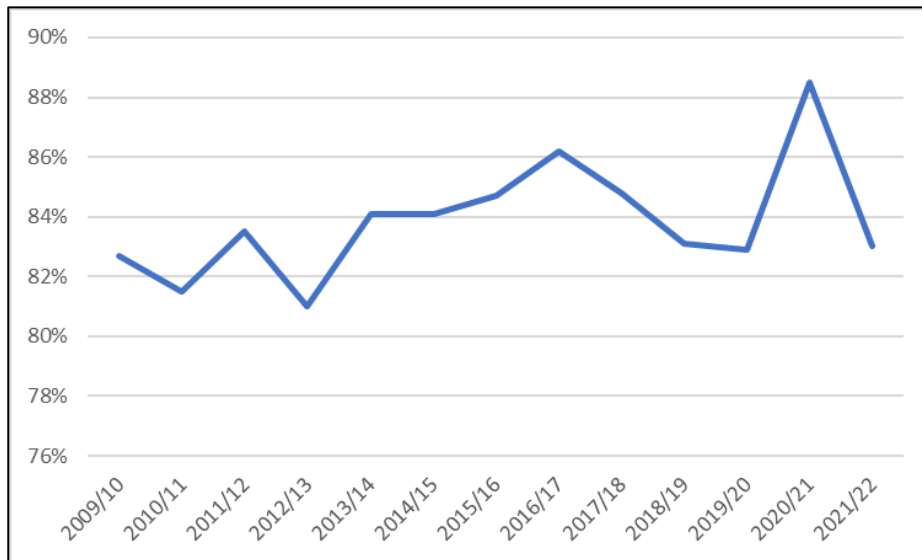
Punctuality refers to delays at arrival or departure of bus services.

²⁹ South Yorkshire Bus Service Improvement Plan. South Yorkshire MCA. Available at: [37770 Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 26 (Accessed: 9 September 2022)

³⁰ South Yorkshire Bus Service Improvement Plan. South Yorkshire MCA. Available at: [37770 Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 6 (Accessed: 9 September 2022)

³¹ South Yorkshire Bus Service Improvement Plan. South Yorkshire MCA. Available at: [37770 Bus-Service-Improvement-Plan_FINAL.pdf \(southyorkshire-ca.gov.uk\)](#) page 8 (Accessed: 9 September 2022)

Figure 10: Percentage of bus services on time (punctuality) (Source: SYMCA annual performance data)



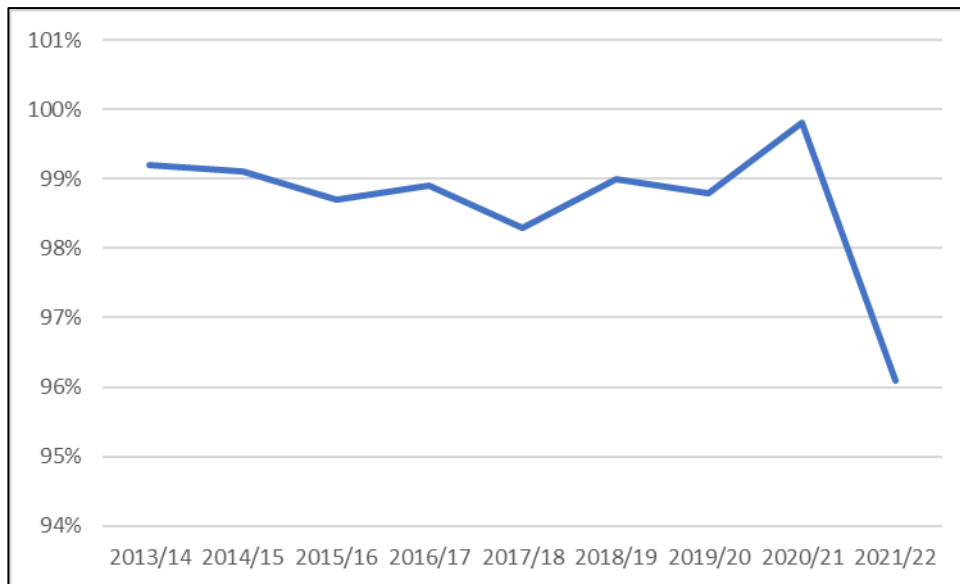
Causes of challenge:

- Increased journey times:
 - Variable levels of road congestion reduces punctuality of services. A situation made worse by a relative lack of bus priority measures or enforcement of those measures coupled with the increase in car usage due to cheap car parking, lack of workplace parking levies, changing travel patterns with general lack of demand management
- Increased dwell times:
 - Passengers make cash payments and need to discuss ticket options with drivers
 - High number of bus stops
- Lack of operator enforcement:
 - While there is a mechanism for checking bus punctuality, only the Office of the Traffic Commissioner can impose fines or other penalties. The Traffic Commissioner has limited resource to carry out checks and those resources are focused on the most serious safety critical breaches both in the freight and passenger transport sector

3.2 RELIABILITY

The network experience's reliability issues (i.e. a service does not run), adversely affecting customer confidence.

Figure 11: Percentage of bus services operated (reliability) (Source: SYMCA annual performance data)



Causes of challenge:

- Drivers/ operators
 - Operators are not incentivised to have additional drivers beyond the minimum required to operate buses, and therefore have limited resilience built into their driver workforce.
 - Driver recruitment and retention problems due to competition from other sectors, i.e. HGV delivery driving paying a more competitive salary
 - There is a lack of consequence for operators who are unreliable
- Maintenance/operators:
 - One of the bus operators has experienced sustained weaknesses in its engineering function which has led to above average journey cancellations and in service breakdown
 - There is an aging bus fleet in South Yorkshire with the average age of the fleet being currently c.10 years, compared to the national average of c.8 years.³²
 - Bus operators in the region appear to be sweating assets faster than expected, with c.9.15% of the total fleet in the region already exceeding the typical expected bus age of 15 years.³³

3.3 INCONSISTENT STANDARDS AND ACCESSIBILITY

The standard of bus network and information provision is variable, with the passenger offer (including fleet) differing greatly across South Yorkshire – therefore the experience varies significantly for passengers thus creating an inequitable bus network across the region.

Causes of challenge:

- Bus stops quality

³² SYMCA Environmental Analysis Modelling and Trajectories Report page 4

³³ SYMCA Environmental Analysis Modelling and Trajectories Report page 4

- Some bus stops do not have seats or roofs
- Bus accessibility
 - Lack of accessible space on buses is a national issue, however in the current system there is no ability for SYMCA to stipulate capacity on certain services for prams and wheelchairs – the minimum standard is the PSVAR (Public Service Vehicle Accessibility Regulations 2000)
 - Only one bus route (which is funded by SYMCA) has audio or visual announcements on the bus

3.4 SERVICE CHANGES

The network is not stable and passengers experience amendments to services on a regular basis undermining the confidence of passengers and potential passengers in the system. This reduces the likelihood of new passengers joining the network and encourages current passengers to find alternative modes of travel. The current EP requires only two major service changes per year but near to continuous changes have been required through the COVID-19 pandemic due to lockdowns, driver availability etc.

Causes of challenge:

- Commercial framework:
 - Service changes are made by operators based on the commercial viability or operational necessity and operators are not obliged to act on consultation feedback
 - There is no mechanism for reviewing and owning the timetabling impact of the change for the wider network

3.5 FREQUENCY

Service frequency is poor in some areas and has fallen dramatically in many parts of South Yorkshire. Frequency also differs between weeks days and weekends and different times of day.

Causes of challenge:

- Timetabling:
 - Operators focus services on periods of peak demand in order to increase market share and have no incentive to prioritise particular groups of passengers for social policy reasons
 - Timetables are developed to match bus operator resources and funding
 - Congestion slows bus journey times, with a knock-on impact on timetabling and therefore frequency
 - There is no single controlling mind reviewing the system, as operators produce their own timetables (with some operators not having access to real time tracking information)”
- Falling demand:

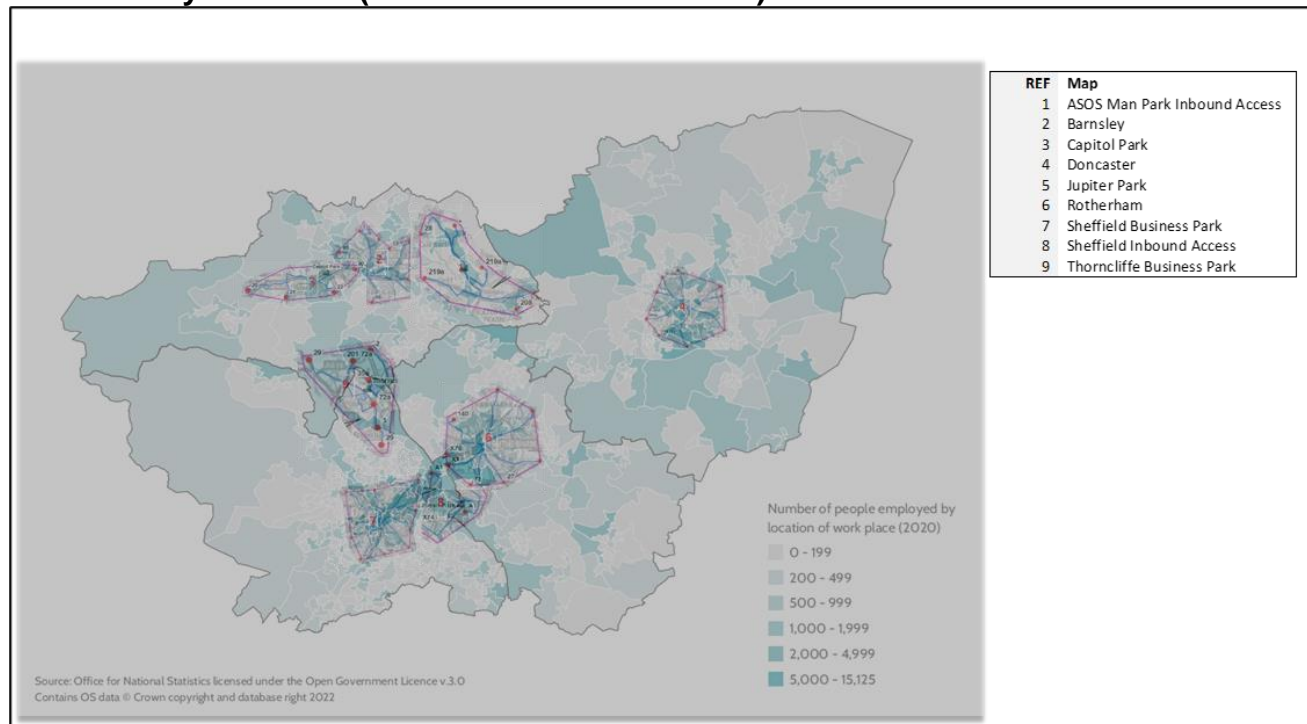
Lower patronage levels lead to reduced revenue, and therefore operators reduce frequency for commercial viability purposes, which in turn reduces demand further – creating a “downward spiral”

3.6 CONNECTIVITY

There is poor connectivity within the bus network and poor integration between buses and other modes of transport (i.e. overlap with tram routes and poor integration with tram nodes).

Figure 12 is a map showing the varying levels employment activity across the region overlaid with 15-minute bus accessibility networks to city/town centres and key employment hubs. It demonstrates that not all areas with high employment activity are accessible within 15 minutes by bus.

Figure 12: Employment activity across the region overlaid with key 15-minute bus accessibility networks (Source: ONS and SYMCA)³⁴



Causes of challenge:

- Changing work locations:
 - Poor bus connectivity between sites of key employment outside of main city centres as bus routes generally routed through city centres to maximise passengers and as a result of historical patterns of journeys
- Travel information:
 - Variable deployment of live status updates at bus stops
 - Limitation of IT literacy of passengers prevents uptake of journey planning apps
- New developments
 - Some new developments are poorly served by public transport

Bus, rail and tram largely ignore each other when it comes to designing services and changing timetables

3.7 TICKETING

Ticketing options are varied and confusing for passengers, and it is difficult to link prices to wider societal goals.

Causes of challenge:

- Pricing:
 - Furthermore, SYMCA is unable to intervene in the cost of fares beyond introducing concessionary schemes

³⁴ This table shows an indication of a misalignment between some areas of economic activity and high concentrations of bus routes, which would support anecdotal evidence. However, further analysis is required.

- Perceived and actual competition rules inhibit operators from co-operating on fares in public interest (this limits the impact of the smart ticketing system)
- Payment mechanisms:
 - Operators utilise different transaction systems
- Ticketing solutions:
 - Operators slow to deploy and promote multi-operator ticketing solutions for customers adding to the confusion for passengers (other than the TravelMaster system which comes at a higher cost for passengers).

3.8 PERSONAL SAFETY

Passengers, especially vulnerable user groups may feel unsafe while using the bus network, particularly in areas where bus stops are vandalised. Bus stops can be a target of vandalism which when observed by the public could create a sense of an unsafe environment.

Causes of challenge:

- Bus stop quality:
 - Bus stops can be a target of vandalism which when observed by the public could create a sense of an unsafe environment
 - Bus stops are not always well lit

4.0 Underlying causes of challenges: justification for exploring further market intervention

As noted in Section 3 passenger demand is falling significantly and there are a range of challenges which are driving this decline. This chapter identifies the underlying causes for these challenges. These will need to be addressed in order to improve the provision of bus services. For example, there is an issue with reliability which is believed to be caused in part by a lack of drivers. This is not an underlying cause. The underlying cause is a lack of commercial case for providing workforce resilience.

This section sets out the underlying causes identified above. Please note that a challenge may have multiple underlying causes (please see Appendix 2).

Eight underlying causes have been identified and can be put into three categories defined as follows:

- Bus market failures (where the market is not delivering the desired outcomes)
- Wider failures (negative consequence of the current system that are not classical market failures)
- Failure to utilise existing powers and processes (acknowledging that more could be done without new powers)

These are set out below.

Bus market failures:

Lack of commercial sustainability: inability of the bus operator to generate a profit from providing a bus service due to lack of passengers, leading to cuts in service and negative consequences for passengers who may lack alternative transport options. This can trigger a vicious cycle of decline as network connectivity declines and passengers find alternative modes of travel and/or reduce their propensity to travel.

Cross-subsidisation is also limited by the Competition Act, 1998 and even where compatible with competition requirements, a declining market makes it ever more difficult for bus operators to use the proceeds from profitable routes to fund less profitable ones and thereby provide a more comprehensive level of network coverage. Nevertheless, there is anecdotal evidence of “over-busing” on some corridors which would appear to underline the issue.

Lack of public funding: inability of pre-covid funding (c. £10m per annum) to make up for a shortfall in commercial sustainability and to provide a comprehensive tendered service network, a problem exacerbated by post-covid patronage falls

Disincentives to long term investment - risk and reward for operators and public sector are not aligned:

- 1) Operators: declining patronage negatively affects cash generation so depriving operators of the ability to reinvest in system to encourage market growth so breaking out of cycle of decline.

For example: Operators are unlikely to spend money putting EV charging in their depot if in 3 years they may further reduce their footprint in the region, or if they are staving off competition from a rival operator.

- 2) Public sector: Local Authorities and SYMCA are unlikely to invest in bus infrastructure (e.g., bus stops, bus suitable roads, bus priority lanes etc.), if they have no confidence that services will continue to run at levels assumed in the business case.

For example: if SYMCA pays £100m for a series of bus priority measures that boosts journey times and increases patronage, the only people who benefit financially are the operators who may decide to subsequently reduce services run but if that revenue was going into the hands of SYMCA there would be a clear financial ROI / NPV calculation that can be used to demonstrate benefit received for the cost paid.

Lack of strategic alignment: alignment in terms of the overall bus network/ service. The bus network is not managed holistically and lacks integration and consistency.

For example, the bus network has not been designed in order to build in connections between routes and different modes of transport.

Another example is complexity and the variation in ticketing in the bus market.

Wider failures:

Poor stakeholder alignment: there is no single body which is empowered to drive alignment between other stakeholders (e.g. SYMCA, local authorities, National Highways, statutory undertakers, private developers, police etc.)

For example, there has been an increase in housing development with limited or no access to public transport. Planning approvals for housing/ commercial developments should consider connectivity and transport issues.

Lack of returns on political investment: system wide challenges in reaping benefits of investment of political capital in the bus ecosystem.

For example, workplace parking levies or other parking charges could be implemented to reduce the use of cars in the region but such measures tend to work more effectively if local authorities have control of the transport network to drive a switch to other modes of transport.

Failure to utilise existing powers and processes:

Failure to leverage existing public powers: not all existing public sector powers that exist to manage the bus network are being fully utilised.

For example, the powers do exist to penalise operators for poor service in a region, however, the process is convoluted and poorly resourced.

The underlying causes characterised as bus market failures suggest that the current bus market is not operating effectively and delivering the desired outcomes, and as a result market intervention may be required. As indicated above the South Yorkshire bus market is not a monopolistic market and not a perfectly competitive market and therefore it would appear that the benefits of either of these two market situations are not being realised. A pure monopoly market can bring about integration and consistency in the market and a sustainable competitive market can bring about value for money with ticket prices being set by the market rather than by operators. In the South Yorkshire bus market neither scenario is being realised.

In addition to these bus market failures there are other underlying causes that are a consequence of the current system. These are a lack of stakeholder alignment and political investment which in turn negatively impacts the bus market. However, it should be acknowledged that not all powers conferred on SYMCA and the wider public sector under the current system are being utilised to their full extent with negative consequences for the bus network.

Appendix 2 sets out the link between the underlying causes and challenges identified in chapter 3. The table shows that to drive significant change to the provision of bus service in the South Yorkshire region the wider system will need to be reviewed.

The recommendation therefore is that SYMCA should develop a business case to assess franchising alongside alternative models (such as enhanced partnerships), in order to explore the best method for breaking the cycle of decline.

Figures and Tables

Figures

Figure 1	Population density, 2021, local authorities in England and Wales	Page 8
Figure 2	Proportion of areas in most deprived 10% nationally	Page 9
Figure 3	Economic activity across the region	Page 10
Figure 4	Annual bus patronage in South Yorkshire between 2009/10 to 2021/22	Page 11
Figure 5	South Yorkshire bus patronage forecast	Page 12
Figure 6	Passenger journeys on local bus services per head of population by Local Authority since 2009/10	Page 13
Figure 7	Passenger journeys per head of population, South Yorkshire and England	Page 13
Figure 8	Annual passenger volumes by passenger type	Page 14
Figure 9	Mode share for all journeys in South Yorkshire, 2020	Page 15
Figure 10	Percentage of bus services on time (punctuality)	Page 18
Figure 11	Percentage of bus services operated (reliability)	Page 19
Figure 12	Employment activity across the region overlayed with key 15-minute bus accessibility networks	Page 21

Tables

Table 1	South Yorkshire in numbers	Page 8
Table 2	Correlation between the decrease in bus journeys and the increase in car usage	Page 17

Appendix 1 – Bus operators

List of existing bus operators in South Yorkshire

Bus Operators	Annual service miles	Annual passengers
First South Yorkshire		
Stagecoach Yorkshire		
Globe Coaches		
Hulleys of Baslow		
South Pennine Community Transport		
TM Travel		
Watersons		

List of community transport services supporting delivery of the local bus system

Community transport services	Passenger journeys (2019/2020) ³⁵
Barnsley Dial-a-Ride	34,718
Rotherham Community Transport	56,776
Sheffield Community Transport	76,252
Doncaster Community Transport	49,036
Manor Community Transport	8,014
Transport 17	11,076
TOTAL	235,872

³⁵ SYPTE Management Board Report: Community Transport Operations (30 November 2020)
[Case for Change](#)

Appendix 2 - Bus service challenges and underlying causes

Challenges related to bus service	Underlying causes of the bus service challenges						
	Leveraging existing public powers	Stakeholder alignment	Political investment	Commercial sustainability	Public funding	LT Investment	Strategic alignment
Punctuality	<p>Lack of clarity regarding ticket options: currently neither of SYMCA or other public sector body provides clear guidance on ticketing options and consequently passengers have to ask drivers for information</p> <p>Lack of operator accountability: the current process of holding operators to account is complex and not being followed</p>	<p>Lack of bus priority measures: there are a number of different public and private sector organisations who are developing new roads, housing estates and industrial parks, however, there is a lack of coordination and leadership to ensure that any developments consider the bus network</p>	<p>Number of bus stop: the removal of high numbers comes at a political cost to public sector leaders and while rationalising bus stops could improve punctuality without control of the timetable there is no guarantee that this would happen meaning no return on political investment</p> <p>Lack of bus priority measures: given that the public sector does not directly control routes or timetabling there is</p>			<p>Lack of bus priority measures: given that the public sector does not directly control routes or timetabling there is no guarantee that they will receive a capital return on investment with pro bus measures</p>	

			no guarantee that they will receive a return on political investment with pro bus measures				
Reliability	Lack of operator accountability: the current process of holding operators to account is complex and not being followed			<p>Lack of workforce resilience: operators financial rewards are build around providing commercially sustainable bus routes rather than ensuring resilience</p> <p>Age of stock and lack of maintenance staff: operators financial rewards are build around providing commercially sustainable bus routes rather than ensuring resilience</p>	Age of stock: providing more modern buses will come at a significant capital cost with no mechanism for the public sector to receive a return	<p>Lack of workforce resilience: the market is declining and there is currently limited ability to reverse this trend leading to a failure to develop bus drivers over the longer term</p> <p>Age of stock and lack of maintenance staff: the market is declining and there is currently limited ability to reverse this trend leading to a failure to update stock and develop maintenance staff over the longer term</p>	
Accessibility						Audio visual announcements: such provisions are not always	Bus accessibility: there is always a tension between

						available limiting accessibility	different types of accessibility requirements and wider passenger access, however, there is currently no ability to target accessible buses at a particular route
Inconsistent standards						Quality of buses and bus stops: the market is declining and there is currently limited ability to reverse this trend leading to a failure to invest in buses and bus stops over the longer term	
Service changes				Commercial framework: service changes are driven by commercial requirements and rather than by a strategic view	Commercial framework: the budget for tendered service is limited and only has so much capacity to reverse service changes	Commercial framework: the uncertainties around the bus network means that routes can not be run at a loss for extended period with the expectation of generating a profit in the future	

Frequency			Falling demand: the voters that are bus users are falling which reduces the incentive to support buses	Falling demand: reduces the revenue available to bus operators therefore results in reduction in frequency	Falling demand: limited capacity to subsidise loss making routes	Falling demand: with falling demand there is no incentive to increase frequency over the longer term	Timetabling: there is no central body to coordinate timetables leading to timetables that are not optimised
Connectivity		New development planning: there are a number of different public and private sector organisations who are developing new roads, housing estates and industrial parks, however, there is a lack of coordination and leadership to ensure that any developments consider the bus network	New development planning: With no guarantee that a bus service will be provided there is a chance that the political capital spent insisting on the new developments being bus friendly have no return	Change in work locations: new work sites outside of main city centres are still routed through city centres to maximise revenue	Change in work locations: the ability to provide tendered services to new sites is limited by funding		Travel information: no single view of bus route integration as operators have independent travel apps and lack of timetable coordination
Ticketing	Lack of clarity regarding ticket options: currently neither of SYMCA or other public sector body provides clear guidance on ticketing options					Ticket affordability: SYMCA is unable to intervene in the cost of fares beyond introducing concessionary schemes	Varying ticket options and multi-operator ticketing solutions come at a premium

Personal safety	Quality of bus stops: wider public sector environment does not or can not provide resource to improve safety at bus stops	Police crime prevention measures: there is currently no feedback loop between SYMCA and the police around crime in areas of bus infrastructure					
-----------------	---	--	--	--	--	--	--

Appendix 3 – Challenges workshop

Date of workshop: 22 September 2022

The challenges workshop was used to review and update existing challenges previously identified in the Bus Review and the BSIP. The outcomes of these discussions were then further developed to produce the underlying causes.

South Yorkshire Mayoral Combine Authority attendees:

Name	Title
Pat Beijer	Director of Public Transport Development
Adam Midgley	Head of Public Transport Project Delivery
Chloe Shepherd	Head of Strategic Transport
Andy Wright	Bus Services Manager
Steve Davenport	Chief Legal & Monitoring Officer
Tim Taylor	Director of Public Transport Operations
Gareth Sutton	Executive Director Finance & Investment
Eugene O'Hara	Interim Head of Transport Operations

External attendees:

Name	Title
Charlie Hamilton	Director
Chris Grey	Senior Manager