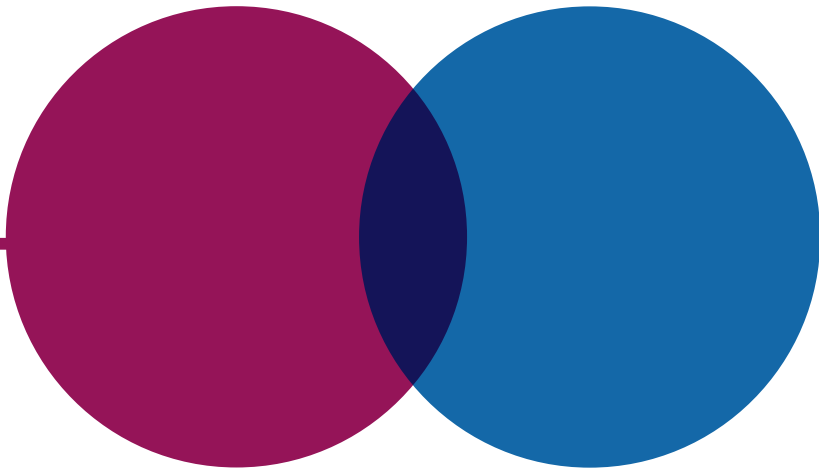




National Audit Office



REPORT

# Local Bus Services in England

Department for Transport

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SESSION 2024-25  
27 JUNE 2025  
HC 949



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National Audit Office

# Local Bus Services in England

Department for Transport

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## Report by the Comptroller and Auditor General

Ordered by the House of Commons  
to be printed on 25 June 2025

This report has been prepared under Section 6 of the  
National Audit Act 1983 for presentation to the House of  
Commons in accordance with Section 9 of the Act

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**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**

**19 June 2025**



## Value for money reports

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# Key facts

**£5.9bn**

Department for Transport (DfT) funding specifically for buses between 2020-21 and 2024-25

**£2.0bn**

of which was support for COVID recovery

**9%**

percentage decline in passenger bus journeys since 2019-20 in England (outside London)

**50%**

percentage of bus sector revenue that comes from public funding in 2023-24

**15%**

reductions in bus services outside London, measured in kilometres travelled, between 2019-20 and 2023-24

**2,799**

estimated number of zero emission buses part-funded by DfT by 2025

**13**

number of separate grants DfT has used to fund buses

**£13 million to £22 million**

DfT's estimate of the costs of the transition to franchising for a local transport authority, depending on its size and assuming it fully franchises its network

**46%**

percentage of local transport authorities in 2023 which rated their capacity to deliver local transport as very or fairly poor

# Summary

**1** Local buses are the most used form of public transport in England. There were around 1.8 billion bus journeys outside London in 2023-24. Buses are essential for millions of people to get to work, education, shops and medical appointments. Buses are a particularly important form of transport for the young, older people, people with disabilities, and lower income households.

**2** Despite their importance, bus services in England outside London have been in long-term decline. Passenger numbers had dropped, and the size of the bus network had reduced in the decade leading up to the pandemic, while ticket costs had increased more quickly than rail fares and motoring costs. Successive governments have sought to improve services for passengers and increase bus usage, and more recently to make bus journeys greener.

**3** Most local bus services are run by private companies, who set routes and timetables, for profit on a commercial basis, with some socially necessary services being supported financially by local transport authorities.<sup>1</sup> The Department for Transport (DfT) is responsible for setting national policy, and for providing guidance and funding to local transport authorities and bus operators to support bus services. The Ministry for Housing, Communities & Local Government also provides non-ringfenced funding to local authorities for buses. Local transport authorities are responsible and accountable to local people for their choices about spending on local transport, including buses.

**4** In September 2019, DfT set out its ambition to achieve long term sustainable improvement in bus services. In February 2020, the then Prime Minister pledged £3 billion in funding over five years for buses. In March 2021, DfT published its national bus strategy for England, Bus Back Better. This strategy set out barriers to improvements, and the changes DfT wished to see in bus services, such as more frequent and reliable services, which are cheaper and better integrated with other forms of transport. The strategy also:

- asked all local transport authorities to put in place a bus service improvement plan (BSIP) by October 2021, setting out how they aim to improve services in their areas; this often involves a mix of capital spending – on bus priority measures, infrastructure and facilities – and revenue spending – such as on fares and additional bus services; and
- required local transport authorities to formalise closer working with bus operators (enhanced partnerships) where they were not taking over responsibility for bus services (franchising).

<sup>1</sup> The 79 local transport authorities are the upper tier of local government with responsibility for local transport in their area. The upper tier of local government can be a local authority, county council, combined authority or mayoral combined authority.

**5** DfT is currently sponsoring a bill through Parliament that aims to provide further powers to local transport authorities to improve bus services and grow usage. It includes measures such as simplifying the process for local transport authorities to pursue franchising and allowing new publicly owned bus companies to be established.

### **Scope of this report**

**6** This report examines bus services in England outside London, looking at:

- whether the performance of bus services has improved since 2020;
- whether DfT understands the effectiveness of its interventions to improve bus services; and
- whether DfT is set up to address the remaining barriers to improving local bus services.

Our report excludes bus services in London, which has for many years had a different delivery and funding model from the rest of England. We last reported on local bus services in 2020.

### **Key findings**

Performance of the bus sector since 2020

**7 DfT set out an ambitious vision for improving bus services but had to change its focus towards supporting the sector through the COVID-19 pandemic.** Both local government and industry stakeholders told us that DfT's 2021 national bus strategy, which had been in development before the pandemic, helped focus activity, and that DfT had engaged well with the sector in identifying the barriers to improving bus services. However, COVID-19 restrictions introduced during 2020-21 led to a 61% fall in passenger revenues outside London, meaning DfT had to refocus on supporting the sector. Between 2020-21 and 2024-25, DfT spent £5.9 billion on the bus sector, of which £2.0 billion was re-allocated from improvement funding to instead cover emergency and recovery support to the sector (paragraphs 1.5 to 1.7).

**8 Bus service performance has not recovered to its pre-pandemic levels, which were already in decline.** COVID-19 has led to changes in how frequently people travel by bus and to the journeys they make. The total number of bus journeys was down by 9% in 2023-24 compared with 2019-20 (from 1.96 billion to 1.78 billion). But the number of concessionary journeys taken by older and disabled people has fallen by 29%. There have also been reductions in bus routes – measured by the distance bus services cover – of 15%, with significant reductions on commercial routes, particularly in more rural areas (paragraphs 1.8 and 1.9, and Figures 4 and 5).



**9 The bus sector's commercial viability has weakened as revenues have fallen and costs have increased.** Between 2005 and 2019, public funding made up on average 43% of the revenue in the sector, rising to 77% during the pandemic. Public funding to bus operators is now at 50% of revenue, and passenger fare revenue generated by the bus sector has decreased by around 7% since 2019-20. Alongside this, operators have faced increases in costs from inflation (fuel costs 12% higher since 2021) and wage rises (28% higher than 2021). These trends have made it harder for local transport authorities to fill gaps in commercial services provided by bus operators, particularly as local authorities are also subject to significant financial pressures and increased demands for their statutory services such as adult social care and special educational needs (paragraphs 1.10 and 1.11, and Figure 6).

**10 Traffic congestion, which has returned to pre-pandemic levels, is reducing the viability and performance of bus services in urban areas.** Traffic congestion is a key barrier to improving bus services, as it increases journey times and worsens punctuality, encouraging people to use cars. While bus usage has not returned to pre-pandemic levels, DfT estimates that traffic congestion is back to levels similar to those in 2019. DfT has identified that to break this cycle, improvements to infrastructure are needed that prioritise the flow of bus traffic. Rural and suburban areas also face a cycle of decline whereby services are withdrawn as passenger numbers fall, encouraging more car use, leading to further falls in passengers and more services being withdrawn. Without capital improvements, such as priority bus lanes, or revenue schemes to improve ridership, DfT forecasts that the sector would become financially unsustainable at current service levels, requiring operators to reduce or withdraw more services, or request further public support (paragraphs 1.12 and 1.13).

DfT's measures to improve bus services

**11 Bus service improvement plans have been a positive step, although initiatives to improve performance are being implemented later than originally planned.** DfT encouraged local transport authorities to develop ambitious bus service improvement plans (BSIPs). Having prioritised COVID-19 support funding for buses, DfT agreed a settlement provided by HM Treasury for bus service improvement plans of £1.2 billion for three years from 2022. This required DfT to change its approach and provide funding on a competitive basis to 34 of the 79 local transport authorities. DfT later awarded three smaller phases of funding to ensure that all local transport authorities received something towards bus service improvement; however, the majority of this funding will come in 2025-26. Most capital improvements have yet to be delivered, and 15% are unlikely to be implemented in their current form. Local transport authorities have reported delays arising from a lack of local support, capacity constraints and inflation, and DfT has extended its delivery deadline for these improvements from 2025 to March 2026 (paragraphs 2.2 to 2.5).

**12 Enhanced partnerships have improved governance and co-ordination in**

**the sector.** From July 2021, DfT required all local transport authorities to commit to closer working relationships with bus operators, known as an enhanced partnership, or pursue bus franchising, in order to access funding. Local transport authorities have reported that they see improvements in coordination and communication with operators and greater local political engagement, with the partnerships acting as a forum for addressing common issues. However, some local transport authorities reported that the partnerships have simply formalised existing relationships and have been most effective where these were already working well and where funding has been available. The partnerships also require time and resources to administer, and, where there are disagreements or operators do not provide data, it can be challenging for local transport authorities to enforce the arrangements. DfT is currently undertaking a review of enhanced partnerships, which will provide an opportunity for it to establish minimum expectations for how they should work (paragraphs 2.6 to 2.8).

**13 DfT has supported the adoption of zero emission buses, but it will remain challenging for rural services and smaller operators to decarbonise their bus fleets.**

In March 2021, DfT established the Zero Emissions Bus Regional Areas (ZEBRA) scheme to part-fund local transport authorities' purchase of vehicles and related infrastructure. The government had a target to support 4,000 zero emission buses across the UK by March 2025, with DfT providing funding of £396 million. DfT estimates it supported 2,799 buses through the ZEBRA scheme and other schemes by that date, around 10% of the bus fleet, with 5,502 new buses supported across the UK when actions by devolved administrations and local government are included. Zero emission buses accounted for around 56% of new UK bus sales between 2021 and 2024, according to industry data. This is ahead of other European countries with large markets for bus sales, and the EU average of 34%. The government is planning to introduce measures to ban the use of new buses that are not zero emission on local services, from a date no earlier than 2030. This will allow manufacturers, bus operators and local transport authorities to plan for this change. It will be more challenging for areas with predominantly rural bus services, and smaller operators, to move to zero emission services (paragraphs 2.9 to 2.12 and Figure 7).

**14 DfT's funding for local bus services has generally been short term, and provided through multiple funds, impacting how effectively it can be spent.**

DfT's funding has been split across 13 different grants, with different administration, conditions and timescales, increasing complexity and costs. Recent funding allocations have been largely short-term, limiting local transport authorities' ability to invest in effective improvements. DfT's only long-term grant to operators has not been fundamentally reformed for many years, preventing DfT from targeting that spending more effectively. Instead, DfT added conditions to the design of a new grant to influence activity. DfT's £2 bus fare cap achieved its aims to make bus journeys more affordable for lower-income households and to increase bus usage. However, the government repeatedly extended the end-date at short notice, making it difficult for bus operators to make commercial decisions. DfT has taken some steps to simplify bus funding to local transport authorities and has started consolidating individual grants into a single bus grant from 2025-26. It plans to devolve responsibility for how this funding is used to local transport authorities (paragraphs 2.13 to 2.17 and Figures 8 and 9).

**15 DfT's monitoring has been focused on individual activities rather than the outcomes it wants local authorities to achieve for bus services.** DfT's funding assurance is often tied to specific outputs, and while DfT collects a lot of data on bus services at the local transport authority level, it has not brought these together to track what outcomes it is achieving with its funding and determine how it could better target improvements. Some of its data are also only available after long time lags or are not routinely collected across all local transport authorities. DfT is undertaking initiatives to improve the information it collects and has a formal evaluation programme for its funding schemes ongoing. As DfT consolidates its grant schemes, it aims to change how it measures what it is achieving by implementing an outcomes framework which will specify metrics for each local transport authority, which it plans to pilot later in 2025-26. This will allow local transport authorities themselves to determine how best to deliver improvements while providing greater transparency to local residents on the performance they should expect. It will also help DfT to understand performance, and intervene where there is under-performance in individual local transport authorities, though it has not yet determined when and how it would do so (paragraphs 2.18 to 2.21).

## Addressing barriers to improving bus services

**16 DfT is supporting local transport authorities that decide to pursue franchising, building on experience in Greater Manchester, but substantial effort and investment will be needed to replicate this elsewhere.** Franchising gives local transport authorities control over bus services and can allow them, for example, to specify routes and fares that meet local needs. Greater Manchester Combined Authority told us they were positive about what franchising will allow them to achieve with bus services, including improving punctuality and increasing passenger journeys. However, transitioning to and running franchised services requires investment, including significant planning and commercial preparation, while introducing financial risks if costs increase more quickly than fare revenues. DfT estimates that the transition to a fully franchised network (like that in Greater Manchester) in each area could cost between £13 million and £22 million, with net operating costs of £3 million to £39 million per year, depending on the size of the local transport authority. DfT is exploring different franchising models, such as franchising only a certain number of the services in an area, that local transport authorities could adopt. It is also refocussing support towards those areas pursuing franchising (paragraphs 3.3 to 3.7 and Figure 11).

**17 There are gaps in local authority capacity which remain a critical risk as they take on more responsibility for bus services.** Financial pressures on local authorities have led many to scale back their transport planning and delivery capacity in order to focus on statutory functions such as social care. Research commissioned by DfT in 2023 found that 46% of local authorities rated their capacity to deliver local transport as very or fairly poor. This was particularly the case for county and unitary councils, which had typical transport team vacancy rates of around 20% to 25%, compared with a 9% vacancy rate amongst mayoral combined authorities, which have retained staff and expertise from their previous passenger transport executive organisations. Recognising these constraints, DfT has provided around £7 million per year since 2022 for local transport authorities to expand their capacity and hire at least one officer to help plan and implement initiatives within their BSIPs (paragraphs 3.8 to 3.11 and Figure 12).

**18 DfT has taken steps to build the capability of the sector and share best practice and innovation, but this activity could be better focused on the outcomes DfT wishes to achieve.** To support the longer-term capability needs of local transport authorities, DfT established the Bus Centre of Excellence in 2023. The Centre provides training courses, cohort learning and seminars to share skills and best practice within the bus sector. However, further devolution will place greater burdens on the capacity and capability of local transport authorities, as they will bear greater responsibility for determining how to use bus funding. Those pursuing franchising will require more specialist expertise such as commercial and legal skills. In future, DfT would like the Centre to better align its work with the needs of local transport authorities and the outcomes DfT wants to achieve. For example, the Centre is developing resources to help local transport authorities consider different franchising models (paragraphs 3.12 and 3.13, and Figure 13).

**19 DfT can do more to clarify and communicate its priorities for the bus sector to help local transport authorities and bus operators deliver outcomes for passengers.**

Following the July 2024 change in government, the 2021 national bus strategy is no longer government policy. DfT has not yet published an updated strategy setting out its refreshed strategic priorities to guide policymaking and funding, and the level of ambition for buses, such as how they can contribute to the government's missions in areas such as growth and breaking down barriers to opportunity. Later in 2025, DfT intends to produce an integrated national transport strategy which will set out the long-term direction for the transport system in England, and how transport should be built around the people who use it. Buses are key in integrating other modes of transport such as rail, meaning DfT will need to set out how it expects the bus sector, working with other transport modes, to support these ambitions. This should include how bus services can be improved for passengers who have disabilities, or are elderly, considering their whole journey (paragraphs 3.14 to 3.17).

## **Conclusions**

**20** Successive governments have aimed to improve bus services for passengers and attract more people to use buses. Despite significant investment from government, these outcomes are not yet being achieved. COVID-19 disrupted DfT's plans and required a shift in focus towards supporting the short-term survival of the bus sector. This has meant that, while progress has been made, long-standing issues with the performance of the bus sector remain. DfT could, however, have made more progress in establishing how it targets improvement from its funding and how it supports and monitors progress towards this.

**21** The commercial viability of the sector has weakened, and passengers have seen services reduce. In a changed landscape where local transport authorities will have increasing influence over bus services, it is essential that DfT provides the sector with the tools it needs to succeed. While responsibility for individual bus services sits at a local level, DfT needs to ensure at a national level that its funding and policy interventions are enabling the outcomes it wants. To do so, DfT will need to be clear about its strategic priorities, how it will help raise the capacity and capability of the sector to deliver on those priorities, and how it will intervene where performance for passengers needs to improve.

## Recommendations

### 22 DfT should:

- a** clearly and consistently communicate what its long-term strategic ambitions for bus services and associated plans are, so that the sector can organise itself to deliver these;
- b** ensure that roles, responsibilities and accountabilities within the sector are clearly articulated, understood and shared, including what DfT's role is as custodian of the national bus services system, and under what circumstances and how it might intervene where under-performance emerges;
- c** agree with, and communicate to, relevant stakeholders what range of information it needs to best monitor the bus services system and act to fulfil its role as custodian of that system, including information that will allow it to:
  - assess local transport authority performance;
  - identify leading indicators of emerging issues in the sector;
  - inform how it targets and assesses the effectiveness of its funding;
  - target interventions to achieve national outcomes; and
  - improve the timelines of the data it collects;
- d** develop its understanding of which capabilities local transport authorities will need, to better target the support they receive;
- e** identify further opportunities where it can support local transport authorities to deal with common issues and avoid duplication of effort by providing advice on standardised approaches or templates; DfT should look for this to include, for example, areas such as:
  - support to various approaches to franchising;
  - best practice for enhanced partnerships; and
  - the procurement of zero emissions vehicles;
- f** develop the Bus Centre of Excellence to support local transport authorities and bus operators in the activity that will help achieve the outcomes DfT wants; in doing so, DfT should consider how this could include areas such as:
  - facilitating secondments within the sector, between bus operators and government;
  - collating and sharing of best practice that is relevant to challenges faced by local transport authorities with different characteristics; and
  - providing expert advice on areas relating to capital projects; and
- g** consolidate funding grants for buses and establish the case, for discussion with HM Treasury, for providing long-term certainty to the sector on the funding available for bus services.

# Part One

## Performance of the bus sector since 2020

**1.1** This part of the report sets out background on bus services outside London, outlines responsibilities of the Department for Transport (DfT) and other bodies, and sets out:

- DfT's bus strategy and its response to COVID-19; and
- performance of the bus sector and the impact of COVID-19.

### Bus services outside London

**1.2** Local buses are the most used form of public transport in England.

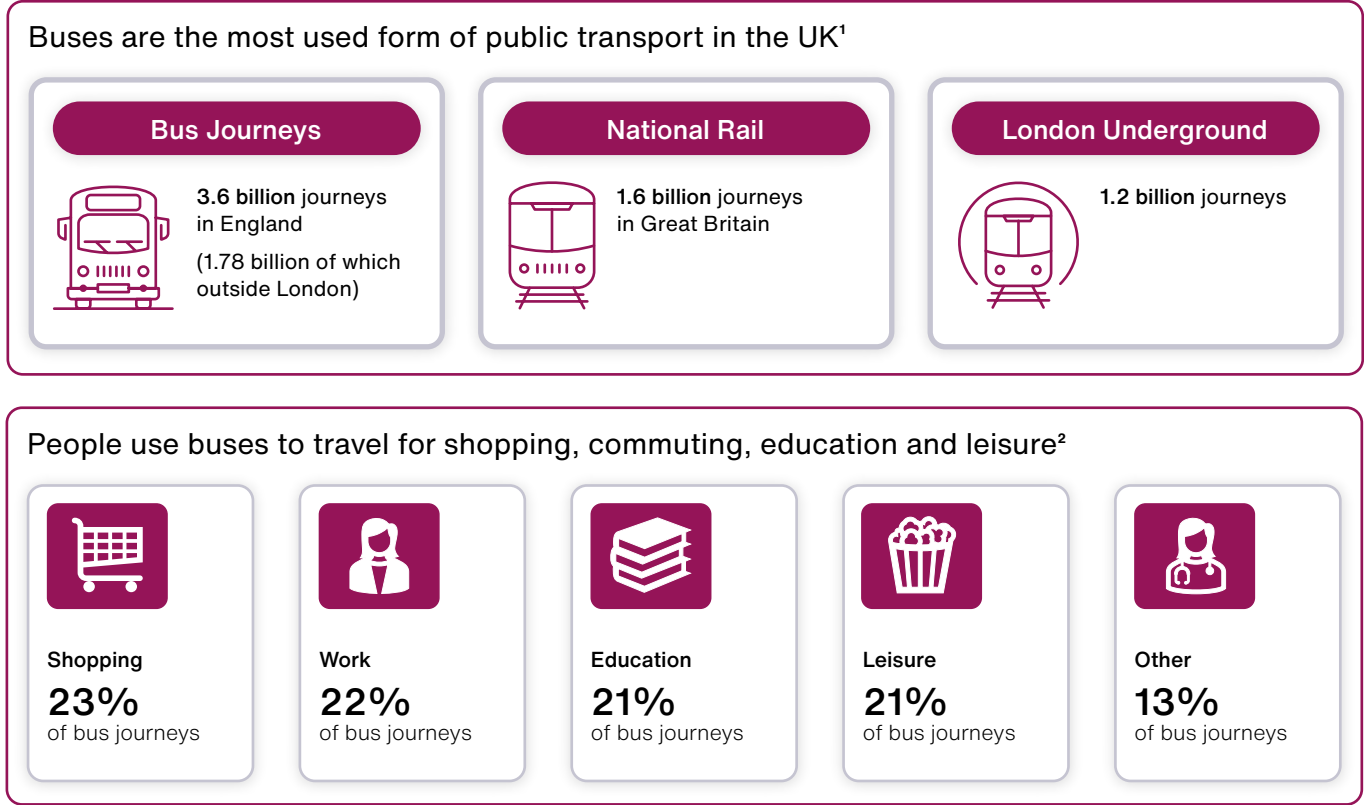
They are essential for many people to get to work, education, shops and medical appointments. People in the lowest income quintile make 3.5 times more trips by bus compared with people in the highest (**Figure 1** overleaf).

**1.3** Despite their importance, bus services in England outside London have been in long-term decline. Passenger numbers had dropped, and fewer bus services had been run in the decade leading up to the pandemic, while ticket costs had increased more quickly than rail fares and motoring costs. Successive governments have sought to improve services for passengers and increase bus usage, and more recently to make bus journeys greener.

**1.4** DfT is responsible for setting policy, and for providing guidance and funding to local transport authorities and bus operators to support bus services. Most local bus services are run by private companies on a commercial basis, which set routes and timetables, with some socially necessary services being supported by local transport authorities. Local transport authorities which adopted an enhanced partnership with operators have also had a role in coordinating routes and timetables (**Figures 2** and **3** on pages 16 and 17). DfT is currently sponsoring a Bill through Parliament, which aims to provide further powers to local transport authorities to improve bus services and grow usage. It includes measures such as simplifying the process for local transport authorities to pursue franchising and allowing new publicly owned bus companies to be established.

**Figure 1**  
The importance of bus services in 2025

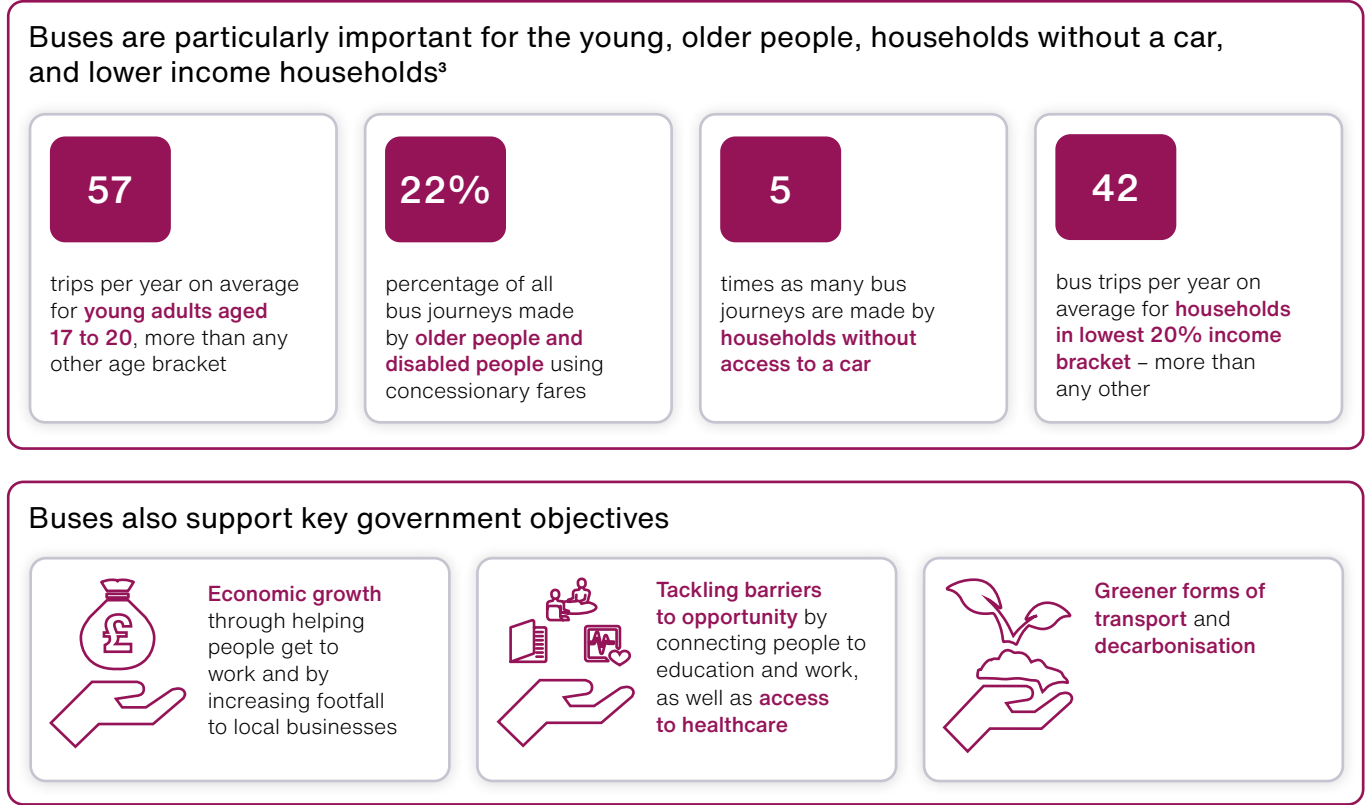
Buses are the most used form of public transport in the UK and contribute to a range of government objectives



**Notes**

- 1 Figures represent journeys in the year ending March 2024.
- 2 Figures are from the year ending March 2023, and represent all of England.
- 3 Figures are from the year ending December 2023 (except the percentage of all bus journeys made by older and disabled people using concessionary fares, which is from the year ending March 2024), and represent England outside London.

Source: National Audit Office analysis of Department for Transport information



**DfT's bus strategy and its response to COVID-19**

**1.5** In September 2019, DfT set out its ambition to achieve long-term sustained improvement in bus services. It announced its intention for a long-term funding commitment and a long-term vision for buses. In February 2020, the then Prime Minister pledged £3 billion in investment over five years for buses, including higher-frequency services, bus priority schemes and more zero emission buses.

**1.6** In March 2021, DfT published its national bus strategy for England, *Bus Back Better*. This set out barriers to improving bus services, such as limited cooperation between rival bus companies operating in the same area. DfT also set out changes that it wished to see, including bus services that:

- are more frequent, faster and reliable;
- have cheaper fares; and
- are better integrated with other types of transport.

Local government and industry stakeholders told us that DfT had engaged well in identifying barriers and areas for improvement and that the strategy helped them focus their activity.



**Figure 2**  
Roles and responsibilities for bus services in England outside London in 2025

**Local transport authorities and bus operators are responsible for local bus services and receive funding and support from central government to support their activities**

Organisation	Responsibilities
Department for Transport (DfT)	<p>Sets national policy, and the legislative and regulatory framework.</p> <p>Provides capital and revenue funding through grants to local authorities and operators to support bus services and deliver its policy ambitions.</p> <p>Provides guidance to local transport authorities and supports their capacity and capability around bus service improvement.</p>
Ministry of Housing, Communities & Local Government (MHCLG)	<p>Oversees the financial stability and accountability of local authorities.</p> <p>Administers the Revenue Support Grant (the main non-specific grant paid to local authorities by MHCLG).</p>
Local transport authorities	<p>Prepare bus service improvement plans, in partnership with bus operators.</p> <p>Allocate funding to local transport, including bus services, and tender socially necessary services which would otherwise not be commercially viable.</p> <p>Administer national concessionary travel scheme for eligible older people and eligible disabled people on bus services in England, and any additional local concessionary schemes.</p>
Bus operators	<p>Decide where to operate bus services, timetables and fares.</p> <p>Invest in infrastructure such as vehicles and garages.</p> <p>Employ and train staff including engineers and drivers.</p>

**Notes**

- 1 The Ministry of Housing, Communities & Local Government provides non-ringfenced funding to local authorities for all the services they provide through the Local Government Funding Settlement. In recent years, councils in England have budgeted to use some of this for buses, including support for local transport authority tendered bus services (around £300 million a year), as well as the English National Concessionary Travel Scheme which provides free bus travel to older and disabled people (around £700 million a year).
- 2 The 79 local transport authorities are the upper tier of local government with responsibility for local transport in their area. The upper tier of local government can be a local authority, county council, combined authority or mayoral combined authority.

Source: National Audit Office analysis of publicly available information and Department for Transport documents

**Figure 3****Models of bus service delivery in England outside London in 2025****Enhanced partnerships are the main model for how bus services are delivered**

Delivery model	Description
Enhanced partnerships	<p>Statutory partnerships between local transport authorities and bus operators. These are typically used to set the performance standards for local bus services, and expectations for investment in bus priority measures. Bus operators run the services and set routes and timetables.</p> <p>Local transport authorities may support the running of socially necessary services, which are not commercially viable.</p> <p>Almost all local transport authorities operate enhanced partnerships.</p>
Franchising	<p>Local transport authorities are responsible for the bus network, including fares, routes and timetables, and award contracts to private operators to run services.</p> <p>Franchising has been available to local transport authorities since 2017 but, except for mayoral combined authorities, they have required permission from the Secretary of State. The government is legislating to remove barriers for local transport authorities to franchise services or part of the services in their area.</p> <p>Greater Manchester is the only area so far to have franchised bus services.</p>
Local authority-owned bus companies	<p>Commercial bus companies owned by local authorities but operating at arm's length. Currently there are five of these companies, which operate within a local authority enhanced partnership.</p> <p>The government is legislating to allow new local authority-owned companies to be established.</p>

**Note**

- 1 The local authorities in England that own bus companies are: Blackpool, Ipswich, Nottingham, Reading, and Warrington.

Source: National Audit Office analysis of Department for Transport information

**1.7** In practice, while the strategy had been in development for some time, the impact of COVID-19 required DfT to refocus activity to support the sector. The pandemic caused an initial drop of up to 90% in bus use, with lockdowns significantly reducing passenger numbers. During 2020-21, there was a 63% fall in bus passenger journeys and a 61% fall in revenues outside London. Between 2020-21 and 2024-25, DfT spent £2.0 billion on COVID-specific support to the bus sector, representing 34% of its total spend (£5.9 billion) on bus grants during this period.

## Performance of the bus sector and the impact of COVID-19

**1.8** The COVID-19 pandemic has led to changes in how frequently people travel, the form of transport they use and the types of journeys they make. This has seen:

- bus passenger numbers declining, and not yet recovering to pre-pandemic levels;
- the commercial viability of the bus sector weakening, as revenues have fallen while costs have increased; and
- congestion returning in urban areas, impacting on bus journey times, as travel by car has returned to pre-pandemic levels.

### Bus service performance

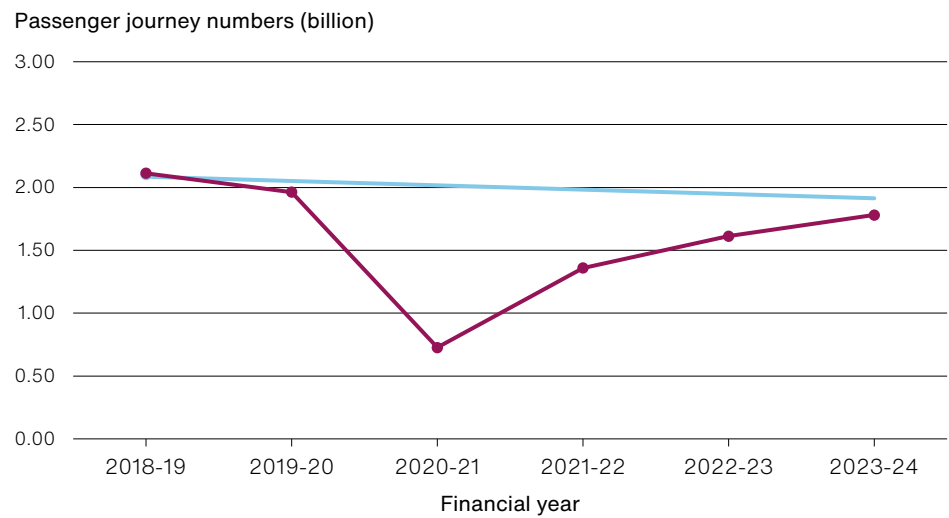
**1.9** While DfT has aimed for increases in passenger numbers over this period, the impact of COVID-19 has meant that bus service performance in 2023-24 was no better than in 2019-20.

- The total number of bus journeys is down by 9%, below where it would be if numbers had followed their long-term decline from preceding years (**Figure 4**). While 14 local authorities managed to improve on their pre-COVID journey numbers, most saw a recovery within a range of 80–95% (**Figure 5** on pages 20 and 21). Different areas have performed better and worse as a result of factors such as local demographics, commuter patterns, and local transport authority performance.
- The number of concessionary journeys by older and disabled passengers fell substantially and recovered more slowly than other journey types; they are now 29% lower.
- The number of bus services has fallen, with the total length of bus services (measured in vehicle kilometres) falling 15% as routes have been withdrawn, or been made shorter or less frequent. There have been significant reductions on commercial routes (19%), particularly in more rural areas (21%), where more services now need local authority support to operate.
- Punctuality briefly rose from 85% before the pandemic to 89% during the pandemic then decreased to 80%.
- User satisfaction, as measured in DfT's national travel survey, briefly rose from around 60% before the pandemic to 69% during the pandemic, before decreasing again to 57% in 2023. A recent Transport Focus survey, though not comparable with the national travel survey data, indicates a small improvement in user satisfaction between 2023 and 2024.

**Figure 4**

The number of bus passenger journeys in England outside London since 2018-19

The number of bus journeys taken fell significantly during COVID-19 in 2020-21 and has not yet recovered to pre-pandemic levels



Passenger journey numbers

2.11

1.96

0.73

1.36

1.61

1.78

● Passenger journey numbers

— Continuation of trend from 2009-10 to 2019-20

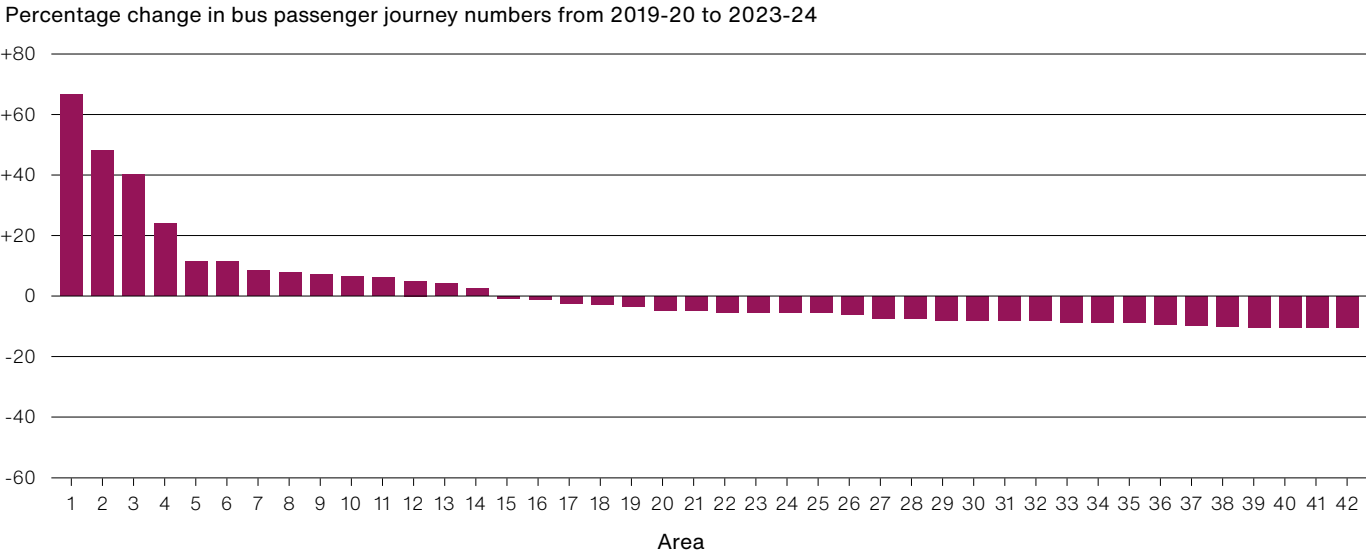
**Note**

1 The 2020 to 2024 trend line is predicted by using linear regression on the existing 2009-10 to 2019-20 passenger journey data.

Source: National Audit Office analysis of publicly available data from the Department for Transport on passenger journey numbers

**Figure 5**  
Percentage change in bus passenger journeys across local areas from 2019-20 to 2023-24

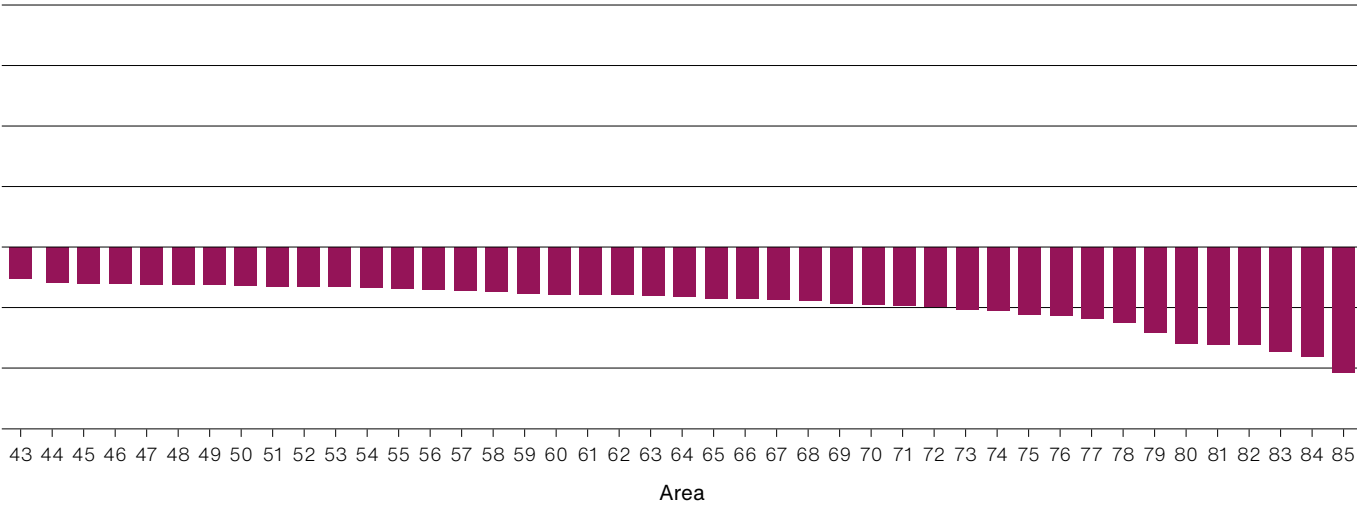
Bus service recovery has been variable across different local areas



1 Slough	17 Middlesbrough	31 Greater Manchester local transport authority
2 Surrey	18 York	32 Southend-on-Sea
3 Cornwall including Isles of Scilly	19 Cambridgeshire	33 Oxfordshire
4 Thurrock	20 Nottingham	34 North East Lincolnshire
5 Portsmouth	21 Isle of Wight	35 City of Bristol
6 Central Bedfordshire	22 West Midlands local transport authority	36 Telford and Wrekin
7 South Gloucestershire	23 Lancashire	37 Nottinghamshire
8 East Sussex	24 Northumberland	38 Hartlepool
9 Lincolnshire	25 North Yorkshire	39 Medway
10 Blackburn with Darwen	26 Kent	40 Cumbria
11 Hertfordshire	27 Stoke-on-Trent	41 West Sussex
12 East Riding of Yorkshire	28 Norfolk	42 Derbyshire
13 Essex	29 Windsor and Maidenhead	43 West Yorkshire local transport authority
14 Southampton	30 Buckinghamshire excluding Milton Keynes	44 Bath and North East Somerset
15 North Somerset		
16 Luton		

- Notes**
- 1 For some combined authorities, data are only available at local transport authority level, rather than for the local authorities that make them up.
  - 2 We have removed six areas for which data were not available for both years.

Source: National Audit Office analysis of Department for Transport data



45 Merseyside local transport authority	60 Herefordshire	74 Bedford
46 Warrington	61 Brighton and Hove	75 Worcestershire
47 Wiltshire	62 Swindon	76 Torbay
48 Reading	63 Stockton-on-Tees	77 Dorset excluding Poole and Bournemouth
49 Warwickshire	64 Leicestershire	78 Darlington
50 Milton Keynes	65 Durham	79 Devon
51 Bracknell Forest	66 Hampshire	80 Halton
52 Wokingham	67 City of Kingston upon Hull	81 Cheshire East
53 Plymouth	68 Peterborough	82 Staffordshire
54 Gloucestershire	69 West Berkshire	83 North Lincolnshire
55 Blackpool	70 Cheshire West and Chester	84 Shropshire
56 Leicester	71 Somerset	85 Rutland
57 Redcar and Cleveland	72 South Yorkshire local transport authority	
58 Suffolk	73 Tyne and Wear local transport authority	
59 Derby		

## Commercial viability

**1.10** These trends in performance also mean the bus sector has become less financially sustainable over time. Between 2005 and 2019, national and local government funding made up on average 43% of the revenue in the sector, rising to 77% in 2020-21, when DfT provided its COVID-19 support grant (**Figure 6**). Public funding to bus operators is now at 50% of revenue, and the total amount of passenger fare receipts has fallen by around 7% (£135 million) since 2019-20. Bus operators have also seen increased costs from 2021 to 2024, with DfT estimating a 12% increase in the price of fuel and a 28% increase in wages.<sup>2</sup>

**1.11** Reduced local authority funding for transport has made it harder for local government to fill any gaps in commercial services run by bus operators. In our February 2025 report on local government financial sustainability, we found that local government needs to manage several competing financial pressures. Overall local government spending power has increased, but has not kept pace with population growth nor the increase in demand for essential services, such as adult social care, children's services and special educational needs. Local government spending on transport has fallen by 24% (£0.9 billion) since 2020.

## Traffic congestion

**1.12** While bus usage remains below pre-pandemic levels, DfT estimates that travel by car has returned to pre-pandemic levels, increasing the traffic congestion that buses experience. DfT has identified traffic congestion as a key barrier to improving bus services in urban areas. As congestion worsens, so too do bus journey times and punctuality. This in turn encourages people to use cars, reducing bus passenger numbers and leading to further congestion.

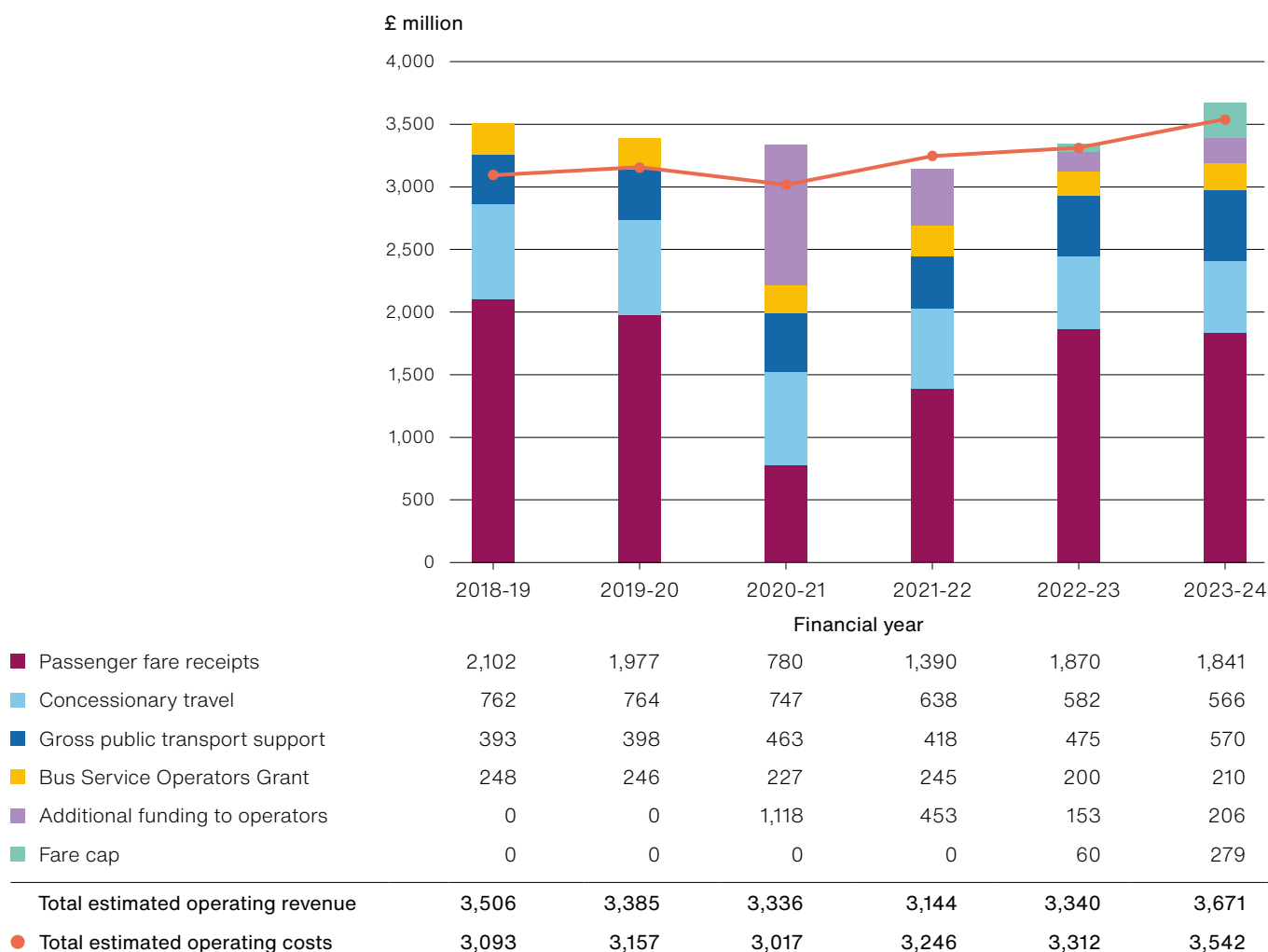
**1.13** DfT has identified that improvements to infrastructure that prioritise the flow of bus traffic are needed to break this cycle. Rural areas face a similar issue, whereby if services are withdrawn as passenger numbers fall, this encourages more car use, leading to further falls in passengers and more services being withdrawn. Without capital improvements, such as priority bus lanes, or revenue schemes to improve ridership, DfT forecasts that the sector would become financially unsustainable at current service levels, requiring operators to reduce or withdraw more services, or request further public support.

2 From April 2025, wage costs rose to reflect increased National Insurance employers' contribution.

**Figure 6**

Sources of revenue and total estimated operating costs for the bus sector in England outside London from 2018-19 to 2023-24

Public funding made up 50% of net revenue in 2023-24, but had risen to 77% during the COVID-19 pandemic in 2020-21



#### Notes

- Figures are not adjusted for inflation.
- Public funding includes all the categories except 'passenger fare receipts'.
- Revenue sources are ordered by value in the first year, 2018-19.
- Revenue sources may not sum up to total estimated revenue due to rounding.

Source: National Audit Office analysis of Department for Transport bus statistics

## Part Two

### The Department for Transport's interventions to improve bus services

**2.1** This part of the report assesses the Department for Transport's (DfT's) interventions to improve bus services. To do this we assess:

- bus service improvement plans and the move to enhanced partnerships;
- the zero emission buses programme;
- DfT's administration of bus sector funding; and
- how DfT monitors the performance achieved through its funding.

#### **Bus service improvement plans and enhanced partnerships**

**2.2** As part of its 2021 national bus strategy, DfT set out that the sector could not return to a position where bus services were planned on a purely commercial basis and without input or support from local transport authorities. DfT asked all local transport authorities to:

- put in place a bus service improvement plan (BSIP) by October 2021; and
- move to enhanced partnerships (Figure 3), where they were not introducing franchising, and set out plans for closer working arrangements with operators, to access funding.

**2.3** DfT expected BSIPs to set out how local transport authorities would deliver an ambitious vision for bus travel in their area and meet DfT's expectations of improving services and growing bus usage. DfT encouraged local transport authorities to develop ambitious plans, working with bus operators and local stakeholders and drawing on all available sources of funding. In particular, DfT encouraged bus priority measures to make services more financially viable, reducing operating costs and growing passenger numbers, thus potentially reducing the need for government funding.



**2.4** Local transport authority initiatives to drive improvement in bus service performance will be implemented later than originally planned, in part due to delays in delivering funding. Having prioritised COVID-19 support funding for buses, DfT agreed a settlement provided by HM Treasury for BSIPs of £1.2 billion for three years from 2022. This required DfT to change its approach and provide funding on a competitive basis to 34 of the 79 local transport authorities. This included £493 million of capital funding for schemes such as bus priority and other infrastructure, and £660 million of revenue funding for schemes including fares support and bus service frequency increases. Since then, DfT has allocated further smaller phases of BSIP funding.

- May 2023: £160 million of resource funding to 64 local transport authorities from July 2023 to March 2025, ensuring all local transport authorities had some BSIP funding.
- October 2023: £150 million of resource funding to 38 local transport authorities in the North and Midlands for 2024-25, as part of the Network North programme.
- December 2024: £670 million of resource and capital funding to all local transport authorities for 2025-26. DfT allocated this using a formula based on population, deprivation and level of bus service provision, which it intends to refine for future years.

DfT estimates that initial BSIP funding is supporting over 600 schemes.

**2.5** Bus priority infrastructure schemes have been some of the most challenging BSIP-funded schemes to deliver. DfT found that only 19% of BSIP capital schemes had been delivered by December 2024 and now expects remaining schemes to be delivered by March 2026, rather than by March 2025; 15% are unlikely to happen in their current form. Challenges have included local political opposition, lack of capacity to manage the schemes, and cost pressures due to inflation. For example, North East Combined Authority told us that levels of capacity in local authority teams to develop and deliver these schemes, including running statutory consultations, have constrained progress. These teams have been delivering BSIP-funded schemes alongside those funded through different funding streams.

**2.6** DfT's strategy also required all local transport authorities that were not pursuing franchising to establish an enhanced partnership to access funding from July 2021. Enhanced partnerships are statutory partnerships between local transport authorities and their local bus operators that set out how they will work together to deliver BSIP outcomes. All but three local transport authorities chose to create an enhanced partnership, with the others choosing to pursue franchising.

**2.7** Local transport authorities have reported that creating enhanced partnerships has strengthened relationships and collaboration with bus operators, with the partnership acting as a forum for addressing common issues, and has raised the profile of buses with local politicians. However, DfT and stakeholders think that enhanced partnerships have varied in their effectiveness, with some local transport authorities reporting that they have been most effective where relationships were already good and where funding has been available for improvements. The partnerships themselves also require time and resources to administer, and where there are disagreements or operators have not provided the necessary data, it has been challenging for local transport authorities to enforce these arrangements.

**2.8** DfT aims to improve the way enhanced partnerships are working. It is currently undertaking a review of enhanced partnerships, which may inform its minimum expectations for enhanced partnerships. DfT has incorporated some of its existing learning on enhanced partnerships into the Buses Bill, for example around reducing delays to the process for agreeing changes between local transport authorities and bus operators.

## **Zero emission buses**

**2.9** To support the government's wider environmental ambitions, DfT has encouraged the adoption of zero emission buses. These have many benefits, including lower carbon emissions, lower noise pollution, and less vibration for passengers. However, while zero emission buses have lower running costs, they have higher upfront capital costs, which are a barrier to their adoption.

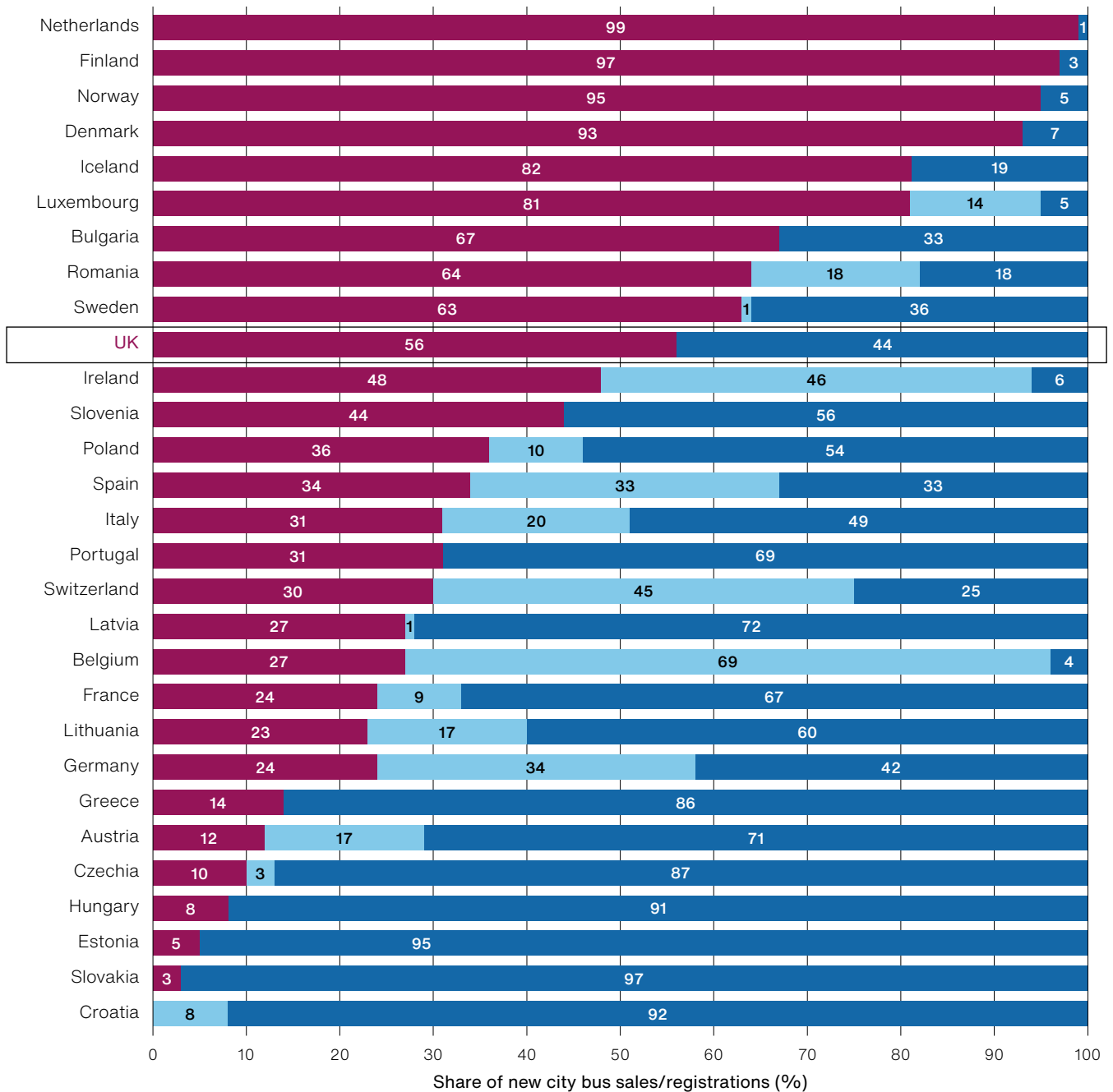
**2.10** In February 2020, the then Prime Minister announced that the government would support investment in at least 4,000 new zero emission buses to help meet the UK's net zero ambitions. In March 2021, DfT established the Zero Emissions Bus Regional Areas (ZEBRA) scheme to provide capital funding to part-fund the purchase of zero emission buses and related infrastructure by local transport authorities. In doing so, it also aimed to stimulate the market for zero emission buses, to drive down costs in the longer term and support manufacturers in the development of technology. DfT allocated ZEBRA funding to 41 local transport authorities on a competitive basis, totalling £396 million between 2021-22 and 2024-25. DfT has announced a further £37.8 million of funding for zero emission buses, allocated to 12 local transport authorities from April 2025.

**2.11** By March 2025, DfT estimated that it had part-funded 2,799 new zero emission buses in England outside London through the ZEBRA scheme and other schemes. This represents around 10% of the buses in use. DfT estimates that central and local government support, including the devolved administrations, has in total supported 5,502 zero emission buses across the UK. Industry data estimates that, between 2021 and 2024, zero emission buses in the UK made up around 56% of new bus sales. This is ahead of other European countries with the largest markets for bus sales, and the EU average of 34% (**Figure 7**). In countries with smaller bus markets and which moved to zero emission buses earlier, such as the Netherlands, almost 100% of new bus sales are zero emission.

**Figure 7**

Share of new city bus sales in Europe by power type, 2021 to 2024

Among the five largest markets in Europe (France, Germany, Italy, Spain and the UK), the UK has the highest share of new bus sales that are run on zero tailpipe emissions power



■ Battery-electric and hydrogen fuel cell   ■ Hybrid   ■ Diesel and gas

**Note**

1 Shares of new city bus sales may not add to 100% due to rounding.

Source: National Audit Office analysis of European bus data from DVV Media Group

**2.12** As part of its Buses Bill, DfT is introducing measures to allow it to set a future date for the end of new non-zero emission buses to be brought into use on local services. It has stated that this will not be earlier than 2030, to allow manufacturers to shift production and for operators and local transport authorities to plan their fleet transition. It will be more challenging for areas with predominantly rural bus services, and smaller operators, to move to zero emission services.

### **DfT's administration of bus sector funding**

**2.13** DfT's bus funding has been split among various grants (**Figures 8** and **9** on pages 29, 30 and 31). This has increased the complexity and costs for central government, local transport authorities and bus operators. Recent funding allocations have been largely short-term, limiting local transport authorities' ability to invest in effective improvements. Funding inconsistency and uncertainty was the top concern raised by local transport authorities and operators alike when asked about the effectiveness of enhanced partnerships. Stakeholders have called for multi-year funding settlements which would allow local transport authorities to strategically plan and invest, as illustrated in the following examples.

- Wiltshire County Council staff told us that the capital funding DfT allocated in December 2024 for 2025-26 will be hard to spend effectively in this short timeframe (although DfT stated it will allow funding to be carried forward to the next year if absolutely necessary). This is despite planning to spend it on bus shelter improvements, which they described as one of the simplest things they could do with the money.
- Surrey County Council staff told us that they decided to work with bus operators to enhance existing routes, rather than to create new routes, because they did not have the funding certainty necessary to make the long-term investment needed for new routes to become commercially viable.

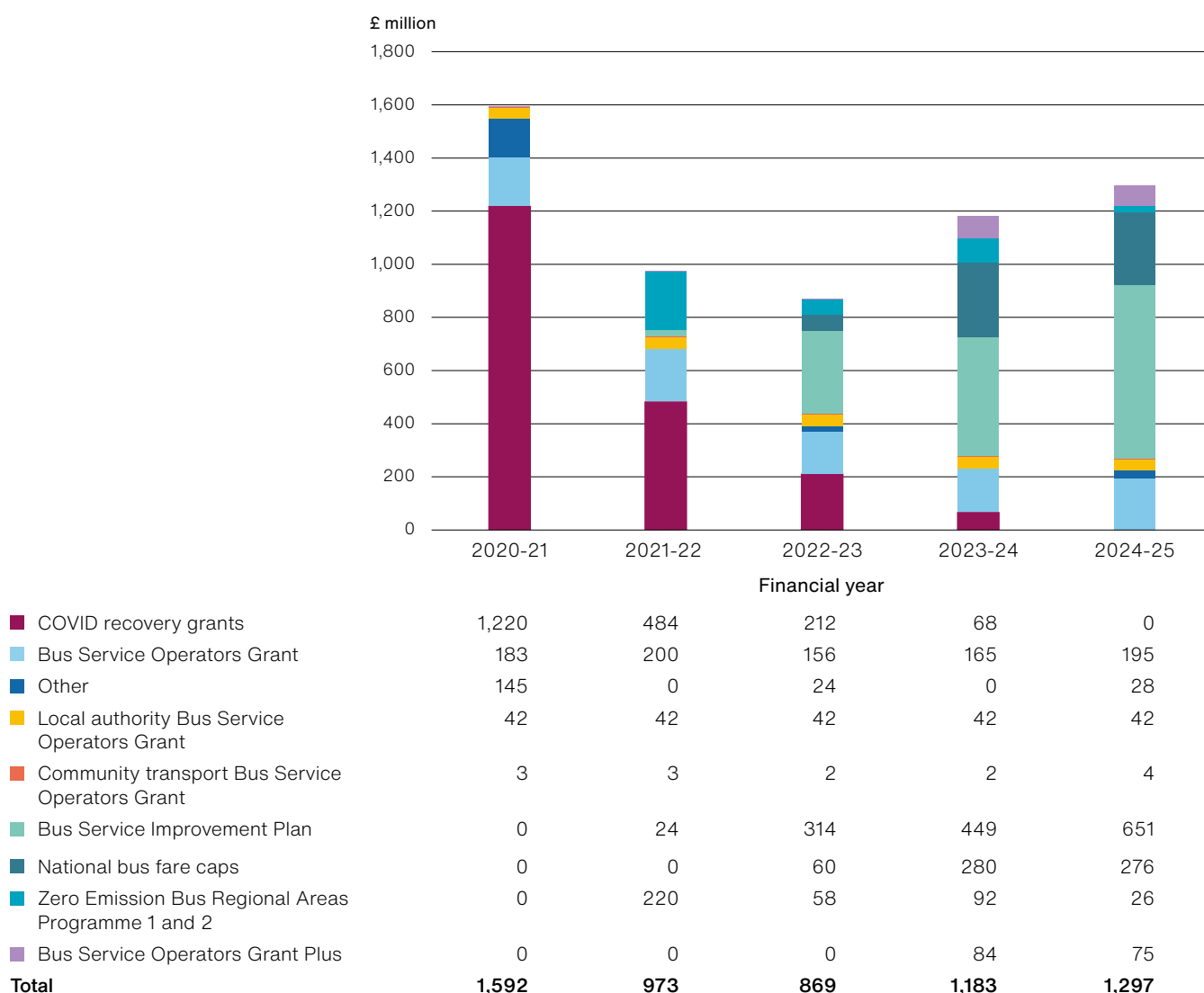
**2.14** DfT's decision to allocate initial BSIP funding competitively has meant funding per head until March 2025 has varied significantly. We estimate it has ranged from £3 (Staffordshire County Council) to £230 (Portsmouth City Council). The bottom 20% of areas received less than £5 per head, and the top 20% over £32 per head. Mayoral combined authorities received an average of £34 per head of BSIP funding over this period, whereas county councils received only £19 per head.

**2.15** From January 2023, DfT introduced a £2 bus fare cap to reduce cost-of-living pressures, particularly for lower-income households, and to support recovery in bus patronage. Its formal evaluation of the scheme found the cap was successful in making journeys more affordable for passengers, particularly for 16–24 year olds and urban and frequent travellers, and contributed an estimated 5% increase in bus usage. However, it did not address barriers to choosing buses, such as poor frequency or reliability. In addition, the government kept extending the end-date at short notice, making it difficult for bus operators to make commercial decisions. The government introduced a £3 bus fare cap in January 2025, which is due to end in March 2027.

**Figure 8**

The Department for Transport's (DfT's) funding specifically for the bus sector, 2020-21 to 2024-25

DfT has spent **£5.9 billion** across different bus-specific grants



#### Notes

- 1 Bus fare cap funding includes both £2 and £3 national fare cap schemes.
- 2 COVID recovery grants include COVID-19 Bus Sector Support Grant and Bus Recovery Grant.
- 3 Bus Service Operators Grant Plus is shown separately as it is intended to support the bus sector after the COVID recovery grants ended.
- 4 Other includes £147 million of "better deal for bus users" funding in 2020-21, £23.5 million towards buses for the Commonwealth Games in 2022-23 and £28 million to West Midlands Combined Authority for extraordinary bus support.
- 5 This graph shows funding that DfT has provided for buses specifically. Local transport authorities also receive local transport funding from DfT that is not specific to buses but may also be spent on them, such as through City Region Sustainable Transport Settlements (£5.7 billion to eight city regions between 2022-23 and 2026-27) and the Transforming Cities Fund (£2.5 billion between 2018-19 and 2022-23 for mayoral combined authorities and 18 cities).
- 6 The Bus Service Improvement Plan funding in 2021-22 included a capacity grant to support local transport authorities in preparing their plans and funding for the Bus Centre of Excellence.
- 7 Totals may not match sum of data table due to rounding.

Source: National Audit Office analysis of Department for Transport data

**Figure 9**

## Department for Transport (DfT) bus-specific funding streams, 2020-21 to 2024-25

DfT ran 13 separate funding streams for buses between 2020-21 and 2024-25, paid to local transport authorities and bus operators

Funding stream	Number of grants	Amount of funding (2020-21 to 2024-25)	Duration	Aim	Allocation method
(£mn)					
Paid to local transport authorities					
Bus Service Improvement Plan (BSIP) – Phases 1, 2 and 3	3	1,439	Phase 1: three years, 2022 to 2025 Phase 2: two years, 2023 to 2025 Phase 3: one year, 2024-25	Phase 1: improve bus services, as set out in local transport authorities' BSIPs Other phases: improve or protect bus services	Phase 1: competitive Phase 2: formula Phase 3: by region
Local authority Bus Service Operators Grant	1	211	Ongoing	Support socially necessary bus services that are not commercially viable	Formula, based on bus services in 2013
Zero Emission Bus Regional Areas (ZEBRA) programme	2	396	One-off (ZEBRA 1: 2021 to 2023, ZEBRA 2: 2023 to 2025)	Support the introduction of zero emission buses and associated infrastructure	Competitive
Paid to bus operators					
COVID recovery grants	2	1,984	April 2020 to June 2023	Two consecutive grants (COVID-19 Bus Service Support Grant and Bus Recovery Grant)  Mitigate the impacts of COVID-19-related decrease in patronage for operators and keep key routes running, and then to help adjust services to new travel patterns	Formula, based on lost fare revenue
Bus Service Operators Grant	1	899	Ongoing	Benefit passengers by helping operators keep fares down and run services that might otherwise be unprofitable and thus cancelled	Formula, based on fuel consumption and mileage
National bus fare caps	2	615	January 2023 to March 2027	£2 fare cap: address the cost of living and support recovery in bus patronage  £3 fare cap: ensure fares remain affordable and prevent a financial cliff-edge for bus operators that would otherwise see services put at risk	Formula, based on estimated baseline patronage

**Figure 9** *continued*

Department for Transport (DfT) bus-specific funding streams, 2020-21 to 2024-25

Funding stream	Number of grants	Amount of funding (2020-21 to 2024-25) (£mn)	Duration	Aim	Allocation method
Bus Service Operators Grant Plus	1	159	July 2023 to March 2026	Help operators maintain service levels and move back to being sustainable	Formula, based on fuel consumption and mileage
Community transport Bus Service Operators Grant	1	14	Ongoing	Support community bus services	Formula, based on fuel consumption and mileage

**Notes**

1 £196 million of other funding to the bus sector is not included in the table above, as explained in Figure 8.

2 Funding amounts may not match totals of Figure 8 data due to rounding.

Source: National Audit Office analysis of Department for Transport data and publicly available information

**2.16** DfT's Bus Service Operators Grant (BSOG) has needed reform for many years. DfT acknowledges that it needs modernisation to improve its efficiency through targeting the spending better to improve services. DfT has been working on fundamental reform of BSOG since 2013, pausing and then restarting policy work, for example due to general elections in 2017 and 2024. Some funding is based on services as they were in 2011-12. Payments made to operators to incentivise things such as technological improvements are no longer incentivising improvement. DfT added conditions and complexity to BSOG+ to better influence the activity it was funding because BSOG had not been reformed.

**2.17** DfT is taking steps to simplify bus funding. In December 2024, DfT brought together BSIP funding to local transport authorities and the Local Authority Bus Service Operators Grant, governed by one set of conditions. From April 2025, Greater Manchester Combined Authority and West Midlands Combined Authority received single financial settlements from central government, replacing the large number of separate grants for buses and other areas. Greater Manchester Combined Authority told us that this will give them the flexibility and certainty they need to use funding more effectively. The English Devolution White Paper set out the government's intention to extend the benefits of integrated settlements to more areas.

## **DfT's monitoring of performance achieved through funding**

**2.18** DfT's funding assurance is often tied to specific outputs, and while DfT collects a large amount of data on bus services at the local transport authority level, it has not brought these together to track what outcomes it is achieving with its funding and to determine how it could better target improvements. Similarly, DfT has not determined a core set of national metrics and indicators to track outcomes across the bus sector as a whole, to judge whether the sector is achieving what matters for passengers.

**2.19** There are also some issues with the data DfT does collect: some data are only available to DfT annually with long time lags, and other data, such as user satisfaction, are not routinely collected by every local transport authority. In Spring 2024, DfT attempted to collect data from local transport authorities through its bus connectivity assessment, to help it understand the impact of its recent funding interventions and determine what, if any, new policy or funding interventions are needed. However, this was poorly defined and did not provide useful information. DfT told us it had learned from this experience and will be taking learning into future work. It is undertaking a series of initiatives to improve its information, such as developing real-time punctuality data and gaining more data from operators through powers in the upcoming Buses Bill.

**2.20** DfT is currently undergoing an evaluation programme to assess the performance of its main bus funding programmes. Its interim evaluations have found some progress towards achieving the intended outcomes of its individual grants, such as increased patronage from the bus fare cap grant. DfT has been able to use its findings so far in making decisions for the future of these funds, for instance on amending and extending the national bus fare cap and supporting its spending review bid. This programme is ongoing and not yet complete.

**2.21** DfT intends to introduce an outcomes framework which will specify performance metrics to be tracked for each local transport authority. Greater Manchester Combined Authority and West Midlands Combined Authority have outcomes frameworks for 2025-26 as part of their integrated funding settlements, and DfT plans to pilot a framework for other local transport authorities in 2025-26. Such frameworks, alongside the consolidation of bus funding, will provide a transparent view of performance against key indicators, allowing DfT and local areas to understand the impact of interventions and investment on the local bus sector. It will also provide DfT with a basis for intervening where there is under-performance in individual local transport authorities, though it has not yet determined when and how it would do so.



## Part Three

### Barriers and opportunities to improving bus services

**3.1** This part of the report examines how the Department for Transport (DfT) is set up to address barriers and opportunities to improving bus services. In February 2025, DfT set out a high-level vision for bus services and key activity to deliver that vision (**Figure 10** overleaf).

**3.2** We examine DfT's progress against activities, focusing on what it is doing to set expectations and support the bus sector. This includes DfT's work around:

- choice over delivery model for bus services;
- capacity and capability of local transport authorities; and
- priorities for the bus sector and integrated transport.

We cover the elements relating to reform of bus funding and transparency on performance in Part Two.

#### **Delivery model for bus services**

**3.3** DfT is supporting local transport authorities that decide to pursue bus franchising. The majority of bus services in England are run by commercial bus operators. However, since 2017, local transport authorities have been able to move to franchised bus services. Franchising allows local transport authorities control over bus services and can allow them, for example, to specify routes and fares that meet local needs. It can also allow bus networks to be planned to support wider policy aims for an area.

**3.4** To date, in England outside London, only Greater Manchester Combined Authority has franchised its buses (London's buses were never deregulated). Five other mayoral combined authorities have completed a franchising assessment to assess if franchising is possible, affordable and deliverable in their area. Eleven other local transport authorities have expressed an interest in franchising.

**Figure 10**  
The Department for Transport's (DfT's) vision for bus services, as set out in February 2025

DfT set out nine ways in which it wants bus services to be more attractive to use and four key pillars to deliver its vision



Source: National Audit Office analysis of Department for Transport documents

**3.5** Franchising on the scale of Greater Manchester would require significant investment, planning and local political commitment (**Figure 11**). DfT has estimated that the costs of the transition to franchising for a local transport authority could be between around £13 million and £22 million, depending on its size and assuming it fully franchises its network (as happened in Greater Manchester). Depending on the approach chosen, franchising can also transfer the revenue risk of services from operators to local transport authorities. DfT estimates that fully franchised networks will have net operating costs of between £3 million and £39 million per year.

**3.6** DfT does not anticipate that most local transport authorities will fully franchise, and is currently exploring different kinds of franchising models which may include franchising only some services. However, any transition to franchising services will require funding, and significant planning and commercial preparation within local transport authorities. The most common reasons local transport authorities gave to DfT for not considering franchising were its cost and the skills and capacity needed.

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### Figure 11

Greater Manchester Combined Authority's (GMCA's) experience of franchising, 2017 to 2025

**GMCA has taken seven years and spent £134.5 million to franchise its services and is positive about the opportunities it will provide to improve services**

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**Area:** GMCA serves a resident population of circa 2.9 million, spread across 10 districts.

**How long it has taken:** The franchising process has taken seven years to complete, starting in December 2017 and completing in January 2025.

**Costs:** GMCA estimates that the process has cost £134.5 million, including supporting the network through the transition to franchising, staff costs, systems and equipment. GMCA told us, based on its experience to date, that running the current bus network costs broadly the same or less than under the deregulated model.

The Department for Transport (DfT) and GMCA think other local transport authorities may be able to franchise more quickly and cheaply. This is because GMCA faced specific challenges, including legal costs due to action taken by bus operators and COVID-19, and because it chose a franchising model whereby it took control of many aspects of the bus network, including ownership of bus depots.

**Capacity and capability needed:** Staff we spoke to described franchising as a “huge undertaking” and a “massive transformation”. GMCA had to upskill in areas such as commercial, performance and contract management, legal, accountancy, and planning. GMCA created new functions to manage franchise arrangements, such as a commercial function, and an account management function for very large contracts, with some other teams expanded.

**Benefits from franchising:** Franchising was only recently completed, and GMCA expects it will take several years to fully realise the benefits of franchising. GMCA has also made other interventions in this period, such as fare caps, and bus services have been recovering from COVID-19 across England, which in our view complicates any assessment of the benefits of franchising. Greater Manchester staff are, however, positive about the early benefits that franchising has delivered and the opportunity it provides to achieve the ambitions they have to improve bus services, including improving punctuality and increasing passenger journeys.

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Source: Interviews with staff from Greater Manchester Combined Authority, Transport for Greater Manchester, bus operators in Greater Manchester, and Department for Transport; and National Audit Office analysis of publicly available Greater Manchester Combined Authority documents and data

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**3.7** DfT is refocussing resources to provide support to local transport authorities pursuing franchising. It is developing a programme of support, including standardised templates to use for processes such as franchising assessments, including for different franchising models. DfT has started to explore how other bodies such as the Centre of Bus Excellence and Crown Commercial Services can support local transport authorities in building the expertise and tools they need.

### **Capacity and capability of local transport authorities**

**3.8** Financial pressures on local authorities have led to many scaling back their transport planning and delivery capacity, to focus on statutory functions such as social care. Further devolution and changes to bus delivery models will add further pressures on local transport authorities' capacity and capability to oversee the strategy and operations of local bus systems. Those pursuing franchising may require additional specialist expertise such as commercial and legal skills to procure and manage contracts with bus operators.

**3.9** In 2021, DfT research identified a gap between DfT's expectations in its strategy, and what local transport authorities felt they could deliver on the ground. Follow-up research commissioned by DfT found that 46% of local transport authorities rated their capacity to deliver local transport as very or fairly poor. This was particularly poor for unitary authorities (61%). County councils and unitary authorities had transport team vacancy rates of 25% and 20%, respectively, compared with a 9% vacancy rate among mayoral combined authorities who have retained staff and expertise from their preceding passenger transport executive organisations. Skills shortages within the sector also make recruitment outside of large cities challenging.

**3.10** The capability and capacity of local transport authorities helps determine the effectiveness of bus funding, as it improves the quality of projects that can be developed, particularly where these are part of a longer-term plan of investment in services. It can also cause disparities where funding is awarded competitively, as funding goes to the local transport authorities best able to develop applications, rather than to where it is most needed.

**3.11** DfT has recognised and addressed the issue of capacity and capability in local authorities and taken different approaches across different policy areas (**Figure 12**). For buses, DfT has provided a combination of funding for staff, and a central unit to provide support and share good practice.

**3.12** To support the longer-term capability needs of the sector, DfT established the Bus Centre of Excellence. This is funded by DfT and run by the Chartered Institution of Highways and Transportation. The Centre provides free training courses, cohort learning and seminars to share skills and good practice among staff working in local government and the wider bus sector. The Centre has received positive feedback from the sector, with the need for its services and new certification training being cited.

**Figure 12**  
How the Department for Transport (DfT) supports capacity and capability across transport policy areas, June 2025

DfT has used funding to improve capacity and capability in a range of transport policy areas

Policy area	Capacity and capability support
Bus services	<p><b>Funding:</b> From 2022-23 to 2025-26, DfT provided on average £7.3 million a year to local transport authorities to support capacity, including hiring at least one full-time equivalent officer to oversee bus services.</p> <p><b>Support and guidance:</b> DfT founded the Bus Centre of Excellence in 2023 to support local transport authorities to access resources, develop skills, grow knowledge, and build understanding to support the delivery of bus services across the country. DfT funded certification courses for bus drivers to address the shortage of drivers in the sector.</p>
Active travel	<p><b>Funding:</b> Active Travel England (ATE) provides around £50.4 million a year to support local authority capability.</p> <p><b>Support and guidance:</b> ATE provides technical support and guidance to local authorities, including tools, training and advice to raise standards in design.</p>
Public chargepoints for electric vehicles	<p><b>Funding:</b> DfT has provided £40 million of capability funding over three years to local authorities to build chargepoint networks. This has supported 216 full-time officer roles as of October 2024.</p> <p><b>Support and guidance:</b> DfT set up a support body for the Local Electric Vehicle Infrastructure Fund, to help local authorities produce applications and to provide specialist technical and commercial expertise and best practice.</p>
Local road maintenance	<p><b>Funding:</b> DfT does not provide capacity and capability funding for local roads.</p> <p><b>Support and guidance:</b> DfT has not provided recent guidance. In 2024, the National Audit Office recommended DfT review and fill gaps in the tools and guidance it provides to local authorities.</p>
General support	<p>DfT also provides resource funding to local transport authorities to build their capacity and capability. For 2025, DfT allocated a one-year grant totalling £28 million. The average amount received was £0.5 million and varied from £0.1 million to £1.3 million.</p>

Source: National Audit Office (NAO) analysis of NAO reports, Department for Transport documents and data, and publicly available information

**3.13** DfT would like the Centre to go further and ensure its work is better aligned with the needs of local transport authorities and the outcomes DfT wants to achieve. It is currently assisting DfT in the development of packages of support to those areas considering franchising, and has established a working group to develop standardised franchising models. The Centre could play an important role in driving efficiency and innovation in the sector through identifying and sharing more good practice and helping identify where this will be applicable. Differences between local areas mean that there is no one-size-fits-all good practice. However, areas that have seen increases in passenger satisfaction tend to be those focused on improving passenger experience across the entirety of their journey. We identify some areas of good practice identified in our work in **Figure 13**.

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### Figure 13

Improving bus services: illustrative examples of good practice, June 2025

**We identified good practice examples in areas such as improving punctuality and passenger experience and simplifying ticketing**

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#### Improving bus service punctuality

- Nottingham City Council is using interactive technology between the bus and traffic signals at busy road junctions to help give buses priority over other traffic. Nottingham scored joint second highest for punctuality in the Your Bus Journey survey, with 85%.
  - Derbyshire County Council has introduced bus priority measures at traffic lights and additional priority routes for buses. Bus punctuality increased by nine percentage points and is at 86%.
- 

#### Improving passenger experience

- Norfolk County Council has introduced QR codes to scan and provide real-time information on mobiles. It is monitoring usage at each bus stop to assess if it needs screens.
  - As part of its bus service improvement plan, City of York Council has identified bus stops where kerbs, paving, seating, lighting and information need to be upgraded to improve accessibility, and delivered over 240 individual improvements. Community engagement through the York Bus Forum was instrumental in highlighting areas that needed improvement.
- 

#### Simpler and integrated ticketing

- Greater Manchester Combined Authority (GMCA) has contactless payment systems that work across buses and trams with capped fares for passengers depending on when they travel and how frequently. GMCA staff told us that this would not have been possible without bus franchising.
  - Leicestershire County Council and Leicester City Council have 'flexi' bus tickets that can be used across five different bus operators, with integrated timetables shown at bus stops.
- 

#### Using a range of interventions to support bus travel over alternatives

- Leicester City Council introduced a package of measures that included the following: amending city centre council parking rates to above bus fares; discounting fares on limited stop services linked to park and ride sites; targeting discounted fares for specific groups such as young people and families; enforcing bus priority measures; and introducing a 'Leicester buses' brand that is clear for passengers.
- 

Source: National Audit Office analysis of publicly available information

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## **Priorities for the bus sector and integrated transport**

**3.14** Following the July 2024 change in government, the 2021 national bus strategy is no longer government policy. DfT has not yet published an updated strategy setting out its refreshed strategic priorities to guide policymaking and funding, and the level of ambition for buses. However, improving bus services remains a key priority for DfT and contributes directly to three of the government's five national missions: economic growth, breaking down barriers to opportunities, and clean energy. DfT's support and guidance to the bus sector will influence how far buses contribute to these missions. For example, in breaking down barriers to opportunities, DfT has recently introduced a Bus Service Improvement Plan (BSIP) funding formula to target more deprived areas of England.

**3.15** For people who are older, or who have a disability, accessing transport and buses can be difficult, with disabled adults taking an average 25% fewer trips than other passengers across all modes in 2023. DfT oversees the regulations which specify standards for buses in meeting the needs of passengers with disabilities, with compliance being reported as high. However, passengers with disabilities and stakeholder groups still report that they face difficulties on their bus journeys. Following a call for evidence, DfT is currently reviewing its vehicle accessibility regulations to assess whether changes are needed to aspects such as its scope, approach or enforcement. For example, DfT regards that the regulations have a strong focus on wheelchair accessibility but could give greater consideration to other passengers' needs, such as those with visual or hearing impairments. DfT also brought regulations into force in 2023 to improve the accessibility of audible and visual information on buses, such as route and stopping place information.

**3.16** At present there is not a set of accessibility regulations for bus stops, and as part of its Buses Bill, DfT will gain the power to issue statutory guidance over the nature of bus stops and surrounding facilities to support the needs of passengers with disabilities and improve passenger safety. Among other measures, it is also placing an obligation on bus operators to ensure drivers and other staff undertake training so they are better able to identify and respond appropriately to prevent threats to personal safety, and to streamline existing requirements for disability awareness training.

**3.17** Later in 2025, DfT intends to outline an integrated national transport strategy, which will set out the long-term direction for the transport system in England, and how transport should be designed around the people who use it. Buses are key in integrating other modes of transport, such as rail. DfT will need plans for how it will lead and support the changes it wishes to see delivered by the bus sector and ensure that these are clearly and consistently communicated to stakeholders.

# Appendix One

## Our audit approach

### Our scope

**1** The report contains our independent conclusions on the Department for Transport's (DfT's) approach to improving local bus services outside London since 2020. We formed our conclusions after considering:

- whether performance of bus services has improved (Part One);
- whether DfT has understood the effectiveness of its interventions to improve bus services, and addressed barriers to improvement (Part Two); and
- whether DfT is set up to address remaining barriers and risks to improving local bus services (Part Three).

**2** Our report excludes bus services in London, where the delivery model is different from the rest of England. We last reported on improving local bus services in England outside London in 2020.<sup>3</sup> The issues in that report largely pre-date the COVID-19 pandemic, and its analysis focuses mostly on the period to 2019.

### Our evidence base

**3** We reached our independent conclusions following our analysis and triangulation of evidence collected primarily between January and April 2025. We collected evidence through interviews, document review, data analysis and case studies of local transport authorities. In forming our conclusions, we collated and analysed the evidence using our three key audit questions as a framework. We drew on evidence from across different sources to support our findings.

### Interviews

**4** We conducted 26 online interviews with government officials and other key stakeholders, covering all areas of our review. We used these to understand the key issues and refine our approach to our other methods – such as interviews, document review and data analysis.

<sup>3</sup> Comptroller and Auditor General, *Improving local bus services in England outside London*, Session 2019–2021, HC 577, National Audit Office, October 2020.



### **Departmental interviews**

**5** We conducted 15 online interviews with DfT. We interviewed senior officials, and specific team leads, on relevant topics to understand DfT's support to the bus sector over the last five years. Interview topics included the following:

- DfT funding to buses overall and specific bus grants;
- DfT support to local transport authorities around capacity and capability;
- enhanced partnerships and franchising;
- the Buses Bill;
- zero emissions buses;
- accessibility;
- data and statistics;
- evaluation; and
- DfT's plans for outcomes frameworks.

**6** We conducted two online interviews with other government departments to understand their involvement in supporting local bus services and how they have worked with DfT:

- the Ministry for Housing, Communities & Local Government; and
- HM Treasury.

### **Stakeholder interviews**

**7** We also conducted nine online interviews with other expert stakeholders selected to participate because of their relevance to the study, who were:

- the Association of Transport Co-ordinating Officers;
- Campaign for Better Transport;
- the Chartered Institution of Highways & Transportation;
- the Confederation of Passenger Transport;
- the County Councils Network;
- the Disabled Persons Transport Advisory Committee;
- the Local Government Association;
- Transport Focus; and
- the Urban Transport Group.

## Document review

**8** We reviewed around 300 published and unpublished documents from DfT related to local buses. We used these to establish facts and to answer our main questions. The main type of documents related to:

- board papers, consisting of minutes and papers for the various governance forums tasked with overseeing aspects of DfT's activity around local buses. This included papers from DfT's Executive Committee, investment committees, the Bus Strategy and Delivery Programme Board and the Bus Service Improvement Plan Programme Delivery Board;
- DfT bids to HM Treasury for funding;
- DfT planning and strategy documents;
- evaluation reports produced for DfT on particular DfT grants for buses;
- DfT monitoring reports for its Bus Service Improvement Plan funding; and
- DfT guidance to and correspondence with local transport authorities.

**9** In addition, we reviewed past National Audit Office reports where we have reported on DfT's actions to support local authorities' capacity and capability in different policy areas.<sup>4</sup> These reports, and our experience of auditing those areas, informed the analysis of how DfT supports capacity and capability across different areas (Figure 12). Where relevant, we updated the data and information from those reports through our fieldwork with DfT. In addition, we drew on our previous report *Improving local bus services in England outside London*.

## Literature review

**10** We reviewed published research, reports and other documents produced by other government bodies, such as Transport Focus, and wider stakeholders from the transport sector. We used this to refine our understanding of issues and develop our questions for interviews with government officials, local transport authorities and sector stakeholders.

<sup>4</sup> Comptroller and Auditor General, *Active Travel in England*, Session 2022-23, HC 1376, National Audit Office, June 2023; Comptroller and Auditor General, *The condition and maintenance of local roads in England*, Session 2024-25, HC 117, National Audit Office, June 2024; Comptroller and Auditor General, *Public chargepoints for electric vehicles*, Session 2024-25, HC 379, National Audit Office, December 2024.

## Quantitative data analysis

**11** We undertook analysis of a range of publicly available data as well as data provided directly by DfT to inform our judgment on performance of the bus sector and whether DfT has addressed the key barriers. We have analysed data on:

- passenger numbers, bus miles, punctuality, user satisfaction and bus sector costs and revenue; and
- DfT expenditure through different grants.

At the time of publication, the latest data used for this study is for 2023-24 (paragraph 1.9). We have drawn on financial data for 2024-25, the audit of which has yet to be completed, but we are confident that there are no material errors.

**12** We conducted analysis using these data, including examining trends over time and comparing between local transport authorities with different characteristics, to understand how DfT has used its funding to address the barriers in the bus sector. In particular, we examined how Bus Service Improvement Plan funding has been allocated across local transport authorities, and between those with different characteristics, on a per head basis.

**13** We used the common FORECAST.LINEAR function in Excel to illustrate the continuation of the pre-COVID trend line in passenger journeys. We understand there are more sophisticated methods (for instance, the ARIMA model) that could be explored in future work if needed, but we believe this is enough to simply illustrate the trend based on the 2009-10 to 2019-20 data.

**14** We reviewed industry data relating to the sales of new buses in Europe. We focused on city buses, to exclude the long-distance coach market which we have not examined in this report. We identified the largest markets in Europe for new bus sales using industry reports and data from Statista. We used data compiled by DVV Media Group, and reported by the European Federation for Transport and Environment, which we triangulated against other sources.

## Case studies of local transport authorities

**15** We conducted four case studies of local transport authorities to illustrate the experiences of delivering on DfT's ambitions for buses. These case studies allowed us to understand their:

- experiences of implementing DfT policies;
- experiences of different types of bus funding and the overall funding landscape;
- levels of capacity and capability;
- experiences of DfT guidance and support to local transport authorities around bus services; and
- understanding of risks and future challenges.

**16** We sampled four local transport authorities purposively to capture the range and diversity across local transport authorities. We selected these to include:

- mayoral combined authorities and other types;
- those with different levels of interest in bus franchising;
- urban and rural areas;
- those from different regions; and
- those with a range of funding from the first phase of Bus Service Improvement Plan funding.

**17** The local transport authorities that we selected were:

- Greater Manchester Combined Authority;
- North East Combined Authority;
- Surrey County Council; and
- Wiltshire County Council.

**18** To capture the range of views from the bus sector at local level, we conducted a small number of interviews with local transport authority staff and bus operators for each of the local transport authorities. We conducted these interviews online, except for Greater Manchester Combined Authority, where we conducted them in person.

**19** To understand how the commitments of the national bus strategy have been translated at local level, we reviewed bus service improvement plans for each local transport authority, other publicly available documentation and data, and some documentation supplied to us by the local transport authorities.

**20** We undertook four case studies, which is a small sample, to provide illustrative examples and deeper insight into issues faced by local transport authorities. The interviews were supplemented by a review of relevant documentation provided by the local transport authorities. We were not auditing the performance of the individual local transport authorities. The case studies helped inform our understanding of a range of issues. Given the small number of case studies, we also drew on wider stakeholder interviews and third-party sources of evidence to select the examples of good practice across the various local transport authorities shown in Figure 13.

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