Paying for public transport – local transport authorities facing funding cuts and rising energy costs

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Paying for public transport

- Public transport is funded from central grants, council tax (and other local revenues) and fares
- Governance is complex, being split between the DfT, Network Rail, Train Operating Companies, local authorities, Transport for London, PTEs/ITAs, bus companies, Scotland and Wales
Expenditure and income: buses and railways (GB) 2009-10

<table>
<thead>
<tr>
<th></th>
<th>Spending (£bn)</th>
<th>Grant (£bn)</th>
<th>Fares (£bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buses:</td>
<td>5.3</td>
<td>2.5</td>
<td>2.8</td>
</tr>
<tr>
<td>Trams, LR:</td>
<td>11.0</td>
<td>4.0</td>
<td>7.0</td>
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- Britain attempts to sustain a ‘European-style’ public transport system, but with less subsidy
- Fares are generally higher than in other comparable countries
- Complex and fragmented public transport sector
The 2010 Spending Review

- Major reductions to revenue and capital expenditure on public transport

- Consequences include:
  - Less investment in new assets
  - Lower subsidies/Higher fares
  - Lower service levels
    - especially in rural areas
  - Crowding
Rising costs

- Spending Review numbers were set with inflation lower than now, and expected to fall
- Higher inflation will lead to sharper reductions in real terms spending
- Energy costs may be rising significantly in the medium-to-long term
  - Some shift to public transport from cars
Local transport authorities

- Councils are responsible for
  - Metropolitan public transport
    - Rail, buses
  - Bus subsidies
  - Concessionary fares
  - Local roads
  - Planning
  - Environmental provision

- This range of responsibilities means a capacity to work across services to deliver wider objectives
Councils also have more general social and civic responsibilities

- Ensuring a decent environment
- Effective land use
- Clean air
- Tackling social disadvantage
- Lobbying for a skilled workforce
- Transport services to link people to jobs
  - Especially important from metropolitan suburban areas to city centres
Looking ahead

- Need for local government to sustain good public transport despite spending reductions
  - Efficiencies
  - Fare rises
  - Concessions

- Need to think creatively about carless households in poorly served areas
  - Car sharing, taxis, quality information about bus services, low-cost high-volume services where possible
Conclusion

- Public transport is less important to policy-makers than the NHS, schools, benefits, the police, defence
- Not much of a ‘lobby’, apart from the transport industry (not always a help)
- Need to articulate the particular needs of households to councillors and the government
- Access to work is the key...
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