Grant Thornton

# Interchange: Preparing for a Modal Shift to Bus

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Buses connect communities, support local economies, and offer a lifeline to millions. As the country faces growing environmental, social and fiscal challenges, a modal shift to bus is crucial for creating a more prosperous, sustainable and inclusive society. Embracing reform and innovation will be vital for achieving this whilst ensuring buses are accessible and equitable for all. The key question now is: how can local areas best leverage these opportunities to deliver real change?

At London Transport Museum's recent Interchange event 'Preparing for a Modal Shift to Bus', hosted in Birmingham by Gowling WLG and Grant Thornton, industry leaders from across the public and private sector convened to discuss this question across key themes including **data and partnerships, delivery models and social inclusion**. Below we summarise the key takeaways from the discussion.

# Key findings

There has been significant attention on what the optimal delivery model for buses are and whether authorities should pursue Enhanced Partnerships, franchising or nationalisation. Whilst delivery models can be key enablers that help solve institutional challenges if tailored to local needs, they do not on their own guarantee improved outcomes for passengers.

To improve outcomes in a challenging fiscal environment, authorities need to focus investment on what truly matters to passengers. All the evidence suggests that reliability is the single most important factor that makes buses more attractive for passengers. Improvements can be achieved regardless of what delivery model is chosen.

Investment in bus priority is the most effective way to improve reliability, encourage modal shift and reduce carbon emissions and this should be prioritised over investment in other initiatives including Zero Emission Buses (ZEBs). For example, a 5% modal shift from cars to buses would equate to 1.45% in national emission savings whereas electrifying 100% of the UK bus fleet would only save 0.58% in emissions.

The bus industry is fully aware that mastering data and digital innovation are crucial for delivering a modern, inclusive and responsive bus services. From accessible real-time passenger information to digital twins, the tools exist to transform how we plan and operate networks and pay for bus services. However, the bus sector is hampered by a lack of digital skills, limited funding and poor collaboration to unlock the full potential of innovation.

Across the UK there are examples of bold initiatives that are making buses more affordable, inclusive, convenient and efficient including free bus travel for under-22s in Scotland and Project Coral – a multi-operator smart and contactless ticketing scheme. It is important to learn from these initiatives. However, in the drive to appeal to younger passengers and go cashless, it is vital that other passenger groups including the elderly and un-banked are not left behind.

## 1. Data and Partnerships

Data has the potential to transform the bus sector including enhancing the passenger experience and improving operational efficiency. However, persistent barriers remain ranging from commercial sensitivity and skills gaps. How can these barriers be addressed to ensure that the industry can effectively leverage data to improve outcomes for all?

## 1.1 Data as a strategic asset

There is a growing consensus that data is no longer simply a back-office tool; it is now a strategic asset that underpins planning and performance monitoring and can be used to enhance the passengers experience of confidence in bus services. Transport authorities, local Councils and bus operators increasingly rely on data for shaping funding bids, targeting investment, and understanding shifting patterns in travel demand. The accessibility and consistency of the data is wide ranging across the industry; a standard data format and approach would enable greater collaboration across the industry.

Real-time passenger information systems (RTPI), contactless payment data, automatic vehicle location (AVL) systems, and feedback mechanisms such as digital surveys now provide a rich source of insight. These tools not only help to optimise service delivery but also build confidence among passengers—by delivering reliable, predictable journey experiences. However, the adoption of these technologies varies across the country and industry is not making the most of these opportunities due to a lack of digital skills, capacity and funding.

More advanced applications are also emerging. Passenger heatmaps, dwell time analytics, and route-level performance indicators allow planners to adapt services to better match demand. For example, underused off-peak routes can be revised or linked with demand-responsive services, while heavily used corridors can be reinforced with additional capacity or express links. This only works with excellent passenger communication and understanding.

## 1.2 Digital twins and virtual cityscapes: simulating the future

Digital twins—virtual replicas of transport networks that update in real time—are increasingly being adopted by local councils including in the East of Birmingham and bus operators. These systems model the physical environment, allowing planners to test scenarios such as new route alignments, the effects of congestion, or the impact of electrification rollouts, all before implementation.

A major advantage of digital twins is their capacity to reduce financial and operational risk. Instead of trialing expensive changes on the ground, councils and bus operators can simulate different interventions and evaluate their potential outcomes. This reduces the likelihood of misallocation of public funds and builds a stronger business case for investment.

## 1.3 Addressing barriers: interoperability, access, and skills

Despite the value of these innovations, systemic challenges continue to limit the full potential of data use across the bus sector:

- Fragmented Systems: Different systems for ticketing, scheduling, and reporting make it difficult to compare and consolidate data across bus operators and regions. A lack of open data standards adds to the complexity, reducing the ability to provide unified travel information.
- Access to Capital and Technology: Smaller bus companies and cash-strapped councils often lack the financial resources to procure advanced systems. This results in regional inequities, with some areas advancing rapidly while others lag behind.
- Skills and Analytical Capacity: Even where systems exist, many councils and bus operators do not have the analytical staff needed to interpret data and derive strategic insights. There is a clear need for shared training programmes and pooled expertise to ensure that data-led planning is not confined to a handful of well-resourced councils and bus operators.
- Siloed Structures: Operational data is frequently isolated in specific transport planning departments or council-led transport units, such as scheduling or maintenance, and not shared across planning or policy functions. Cross-functional data collaboration is needed to gain a full picture of service performance and passenger experience.

## 1.4 Data sharing in a competitive landscape

Data sharing remains a particularly complex issue in deregulated markets. Operators are often cautious about sharing commercially sensitive information such as patronage, farebox revenue, and punctuality. While this is understandable, it restricts the ability of local transport councils and bus operators to deliver integrated, efficient services.

Enhanced Partnerships (EPs) and franchising offer mechanisms to overcome this barrier. By including data sharing requirements in service contracts or partnership agreements, local councils and bus operators can ensure greater transparency and system-wide insight. Participants also emphasised the need for national-level frameworks to standardise data sharing protocols, ensuring that commercial interests are safeguarded without compromising public accountability.

In future, collaborative platforms could facilitate secure and anonymised data exchange, allowing benchmarking, real-time monitoring, and shared planning tools that benefit the entire network. A national approach is required which should be led by the Department of Transport with input from industry leaders.

## 1.5 The importance of communication and cultural change

Even the most advanced technologies will fail to deliver impact unless they are accepted and understood by staff and passengers. Participants stressed the importance of cultural readiness and communication when introducing innovations such as AI-based route optimisation, predictive maintenance, or contactless ticketing upgrades.

This involves framing change in terms of benefits—such as reduced waiting times, improved air quality, or enhanced driver safety—while engaging bus sector stakeholders throughout the process. Union consultations, driver feedback sessions, and community outreach were highlighted as important tactics for building trust and ensuring successful implementation.

## 1.6 The role of central government and cross-sector collaboration

There was broad consensus that greater alignment is needed between local innovation in bus services and national policy. Central government can play a critical role by:

- Funding digital infrastructure and skills programs
- Providing national guidance on open standards and data sharing
- Facilitating joint procurement and shared service platforms

In addition, the private sector (particularly technology providers) have a role to play in supporting co-designed solutions that meet the specific needs of local councils and bus operators. True progress will come from a shared commitment to data-driven decision-making across councils, bus operators, technology providers, and community organisations.

An important perspective raised during the session was the value of both tactical and strategic use of data in the bus sector. While long-term planning is vital, several attendees emphasised using data to address immediate operational issues. For example, identifying persistent parking infractions through real-time monitoring systems enables councils to deploy enforcement officers more effectively, reducing congestion and improving journey flow. Similarly, pinpointing bottlenecks in journey times by analysing traffic patterns allows transport operators to adjust schedules or reroute buses promptly, ensuring more reliable service for passengers. These short-term, data-driven interventions play a crucial role in elevating the daily experience of bus riders while setting the stage for broader system improvements.

## **Conclusion:** Building a data-enabled bus sector

The event underscored that data and digital innovation are not simply add-ons—they are critical enablers of modern, inclusive, and responsive bus services. From real-time tracking to virtual cityscapes, the tools exist to transform how we plan and operate networks. But their full potential will only be realised if we address the gaps in funding, capability, and collaboration.

By embedding data at the heart of planning and investment, and by building the structures needed to share, analyse and act on this data, the UK's bus sector can move towards a more sustainable and equitable future. It is time for the sector to embrace digital maturity—not as a future ambition, but as a current necessity.

## 2. Delivery models

The UK's bus industry is undergoing rapid transformation. With declining ridership, funding constraints, and the need for decarbonising transport, traditional methods of bus service delivery are being re-evaluated. Enhanced Partnerships(EPs) and bus franchising are the two models (in England) to address some of these challenges. But are they proving to be effective in improving passenger outcomes and promoting long-term sustainability?

## 2.1 Collaboration and partnering to deliver better passenger outcomes

At the core of both EPs and franchising is the principle of collaboration—between local authorities, operators, and communities. To create a more integrated and passenger-focused transport system, these relationships are critical.

### Enhanced Partnerships: formalising informal relationships

The bus sector post 1985 is often described as a "cottage industry," where informal relationships between authorities and operators underpinned service delivery. EPs, however, have the ability to formalise these relationships, enabling joint planning of routes, fares, and branding. In the Northeast, EPs have already delivered tangible benefits, such as fare reductions and post-COVID service adaptations. However, their success hinges on governments and operators finding common ground on which to engage meaningfully with one another. One challenge with many EPs is that they lack 'teeth' and require the operator to actively participate, there is no legal ability for the authority to compel the operator to undertake initiatives even if they are funded by the authority. That said there are some excellent EP's where operators and authorities work in true partnership to reverse passenger decline, Brighton on the South Coast is a great example.

### Franchising: aligning interests through contracts

Bus franchising in contrast, offers a more structured model, where Mayoral Combined Authorities (and other authorities if they apply for the powers) are responsible for service planning, and operators deliver services under contract terms set by the authorities. This model, where additional controls are in effect, were likened to a "direct debit" model by one of the participants. This is because bus franchising provides operators with predictable revenue streams while aligning their incentives with public goals. However, the same participant was cautious to explain that franchising can also become politically motivated, especially when driven by mayoral elections and manifestos, potentially complicating implementation across diverse geographies.

The merits and drawbacks of both models were explored, and one participant highlighted the importance of a network consisting of a diverse range of operators, including SMEs and family-run businesses. Manchester's bus franchising was cited as an example of strong collaboration that has led to greater integration of transport services, despite competition law constraints, however the cost to the SME market in Manchester has been devastating and come at a considerable cost to the authority – exceeding their operational budget by £200m Ultimately, successful partnerships, whether EPs or bus franchises, require greater transparency and a shared vision for public transport as a driver of regional development, not just a standalone service.

## 2.2 Financing and investment

Sustainable funding is critical to the success of any delivery model. Both EPs and franchising require robust financial strategies to support service improvements, infrastructure upgrades, fleet decarbonisation and long-term planning.

EPs can encourage private investment by offering operators greater certainty. In return for commitments to service quality and innovation, operators benefit from a more stable operating environment. This has enabled investments in electric and hydrogen fuel cell buses for instance, allowing low-carbon fleets to run at increased frequencies on key bus routes.

Bus franchising, while potentially more capital and resource intensive, allows authorities to channel their investments strategically. It also enables cross-subsidisation of less profitable routes, ensuring broader network coverage. However, there can be less willingness to pursue franchising in some areas because of the time, duration and cost of running the process. This insight highlights the need for franchising to be carried out via a commercially minded approach that reflects local market conditions and incentivises operators to participate.

It was highlighted that in Jersey a profit-sharing model between the authority and the operator had been successful in incentivising the operator to invest in the region. In addition to this, opportunities for obtaining bus grants have emerged from engaging operators on growth potential, with some routes becoming semi-commercial through targeted government support.

Despite these regional innovations, disparities in funding remain a major challenge. Participants pointed out that areas like Surrey receive far less support than London, limiting their ability to deliver high-quality services. Targeted investment—such as through the "Transforming Cities Fund" or the new "Transport for City Funding" (which looks a lot like the funding pot formerly known as CRSTS) —can help bridge this gap, but long-term sustainability requires consistent and more equitable funding mechanisms. In an environment of scarce funding, it is crucial to invest in the priorities that matter most to users.

The delivery model is a key enabler of this but there is a need for a relentless focus on investment on initiatives like bus priority that improve reliability and performance. Bus priority is more effective at encouraging modal shift which means that it can often reduce carbon emissions more than investing in initiatives like Zero Emissions Buses. For example, a 5% modal shift from cars to buses would equate to 1.45% in national emission savings whereas electrifying 100% of the UK bus fleet would only save 0.58% in emissions.

It was agreed that Authorities are best placed to use capital to invest in priority measures to grow patronage and that there is a role for private or ring-fenced grant finance for fleet decarbonisation.

## 2.3 Infrastructure and geographical constraints

Infrastructure and geographical locations play a crucial role in determining the suitability and success of delivery models. Urban, suburban, and rural areas each present unique challenges that must be addressed through tailored strategies. In dense urban areas, buses often struggle with congestion and unreliable journey times. EPs and franchising can support the implementation of bus priority measures. These interventions not only improve reliability but also make buses a more attractive option for commuters.

In contrast, rural areas face challenges related to low demand and long distances. Franchising allows for greater integration of demand-responsive transport services. However, participants noted that constraints such as limited land availability to build depots, are a significant barrier in areas like Hampshire and West Sussex and may require the use of compulsory purchase powers to secure depot sites.

Effective public transport must be integrated with other infrastructure, such as car parking and rail services. There is strong demand for more frequent connections to rail. Exploring such feedback and bus user data could help inform infrastructure planning and service design insights that ultimately increase ridership.

## 2.4 Re-thinking existing delivery models

The challenges facing the bus industry require a fundamental re-think of how services are delivered. Both EPs and franchising offer alternatives to the deregulated model that has dominated in the UK since the 1980s.

Several participants expressed concerns about overly complex mechanisms, particularly those involving Private Finance Initiatives (PFIs) and public-private partnerships. A participant warned against replicating London's success through intricate contracts that may not be suitable in other regions. Instead, delivery models should be simple, transparent, and adaptable to local contexts.

Other participants advocated for a hybrid model approach with bus franchising in some areas, and EPs set up in others. This included micro-franchising for specific areas or routes. This flexible approach recognises that there is no one-size-fits-all solution that can be applied across the country. A more flexible approach also allows authorities to build on existing strengths and target enhancements where investments already exist.

Conversely, changing and implementing new delivery models too frequently requires significant upskilling within local authorities. Some participants advised that expecting authorities to overhaul operational processes without clear evidence of success would be costly and detrimental. Instead, building institutional capacity through training, knowledge sharing, and support from central government is essential.

Concerns over legal changes and regulatory reform were brought up during the course of the discussion. Competition law was criticised for limiting operator collaboration in some areas, suggesting that legal reform may be necessary to enable more integrated networks. However, others noted that competition law was not the only factor impeding collaboration and that misaligned incentives between the public and private sectors were also a constraint. Some participants thought that nationalising buses could unlock new opportunities for strategic planning and investment.

## **Conclusion:** establishing a fairer, smarter and future-ready bus network

Enhanced Partnerships and bus franchising offer powerful mechanisms to address the challenges facing the UK's bus industry. By fostering collaboration, enabling targeted investment, addressing infrastructure constraints, and re-thinking outdated delivery models, these approaches can deliver better outcomes for passengers and communities. However, the extent of their success depends on local context. Geography, political will, institutional capacity, and market conditions all influence which model is most appropriate. A flexible, evidence-based approach—grounded in local realities and supported by national policy—offers the best path forward.

Ultimately, the delivery model is a means to an end with the goal not just being to run more buses, but to create a public transport system that is reliable, inclusive, and sustainable. With the right delivery models in place, and a commitment to continuous improvement, that vision is well within reach.

## 3. Social Inclusion

Buses users are highly diverse from younger to older people and their needs are shaped by a range of characteristics including their mobility and travel purpose. Whilst these needs are distinct there are also many shared priorities that unite passengers. What are these shared and distinct needs and how can the industry continue to innovate whilst ensuring certain groups are not left behind?

## 3.1 Understanding user needs – common priorities for all passengers

Buses play a vital role in connecting communities, and improving social inclusion in the sector means both ensuring a high-quality bus service for all passengers whilst adapting responsively to needs and accessibility requirements for specific groups.

It is vital to understand the customer experience at every stage of their journey from planning, to arriving at the bus stop, buying the ticket and the onboard experience. The bus industry uses a number of methods including conducting detailed surveys with customers, focus groups and engagement with civil society stakeholders representing elderly and disabled passengers. As well as surveying bus users, it was critical to survey non-users to understand the barriers to using bus services. There is a wealth of data gathered by Transport Focus on this and the Department has published transport user personas that give an indication of user behaviour across demographic groups.

Based on this survey, evidence and wider experience, participants highlighted that reliability was the most important factor that was important to all users. Other key factors included frequency and affordability of the bus, followed by other factors such as cleanliness, comfort (the ability to get a seat), ease of payment, and the driver's ability to support users. By focusing on improving these factors bus services can become more inclusive for all users.

## 3.2 Accessibility

Whilst these factors are common to all users, more specific challenges and barriers will be faced by particular user demographics. Elderly and disabled passengers will face difficulties with physical accessibility including access to bus stops, the provision of handrails, bays for wheelchairs and priority seating. Participants felt that these problems were well understood in the UK and whilst more needed to be done, areas often sought to exceed statutory minimum requirements. Existing accessibility design standards for buses addressed these problems but were not always consistently applied in different regions of the country.

Participants in the workshop agreed that early engagement with accessibility stakeholders and advocacy groups were key to developing customer relationships, channeling requirements into impactful initiatives, and building trust. Furthermore, it is essential to fully understand the impact of proposed policy changes to avoid unintended consequences for vulnerable groups that are more reliant on bus services. Organisations can do this by conducting Equality Impact Assessments, in line with Public Sector Equality Duty principles. These assessments are a key strategic initiative for ensuring inclusive and effective decision making, ensuring that policies and services consider how their functions will affect people with different protected characteristics under the Equality Act 2010.

In rural areas, shared minibuses operating on an "as and when needed" basis are being trialed, enabling door-to-door services for those who would otherwise struggle to travel independently. While these Demand Responsive Schemes are still in development, they offer a flexible, low-cost solution for areas where conventional fixed-route services are not viable. Areas such as Lincolnshire, Nottingham and Milton Keynes have successfully adopted these services. A challenge for this type of service is that the cost per passenger is considerably higher than a fixed route, often leading senior decision makers to think this does not represent value for money.

Participants felt that the key barrier to the more consistent provision of accessible bus services related to a lack of funding. Funding provision through BSIP grants and a range of other initiatives is often short-term in nature with no long-term certainty. This fragmented funding approach adversely affects efforts to plan accessibility initiatives and undermines the ability to deliver more consistent and equitable standards for accessibility across the country. More reliable, multi-year settlements could help alleviate this issue.

## 3.3 Ticketing and fares

Contactless and digital payments have had a significant impact on making bus systems more convenient and efficient by allowing for more seamless and rapid boarding which reduces delays. Some participants advocated removing cash completely from the bus system, like in London. While the efficiency of a cashless service may be popular with some user groups, as well as reducing costs and theft risk for operators, other participants noted that they can also exclude those without access to contactless cards or digital payment methods. It was noted that some of the more deprived regions in England as well as rural areas still face challenges around digital exclusion, and transition to cashless payments could reduce the inclusivity of the bus system.

Project Coral is an initiative that is being taken forward that could help make digital ticketing more inclusive. This is a national multi-operator digital ticketing scheme, aiming to simplify fare payment and improve user convenience using contactless technology, resulting in a benefit for the whole country.

For low-income groups the affordability of buses is an important factor as these groups often rely on buses to access jobs and public services. Participants felt that the previous £2 fare-cap policy had been successful in terms of encouraging more people to use the bus system and improving the affordability of bus travel. It was important that affordability was a major consideration in future fares policy and there was a trade-off between national policy on fares that can bring consistency across the country with the benefits of local concessionary fares tailored for the needs of the specific area.

Transport Scotland introduced free bus travel for under 22-year-olds encouraging young people to use public transport more frequently. Some participants noted the benefits of the scheme including habituating young people into using public transport which can continue beyond the age of 22. There were a number of trade-offs with this scheme including the cost and the possibility it risks greater anti-social behavior on bus routes. This highlights the need for balance and oversight with initiatives including comprehensive review and monitoring to ensure there is understanding of the intended benefits as well as the indirect consequences.

## 3.4 Safety, security and changing travel behaviours

Safety remains a high priority, particularly for more vulnerable passenger groups including women and young people. It was vital to ensure that bus stops are lit and that there is CCTV on buses. Improving training for bus drivers, including protocols to handle difficult situations, were increasingly being adopted. TfL has developed the bus driver's handbook or Big Red Book, and bus safety standards that could be adopted or adapted in other regions.

Another consideration flagged was adapting to modern lifestyles and routines. For example, buses typically run less frequently or not at all on Sundays in both urban and rural areas. However, it is becoming more common to have hospital appointments or engage in leisure activities on Sundays, therefore requiring timetables to be adapted to these current community needs, rather than continuing with past assumptions.

Some participants noted that bus travel is not always an aspirational mode of travel for some groups but there was evidence that attitudes were changing with younger people. This was especially the case as young people were delaying learning to drive and were more reliant on public transport.

Additionally, there is potential for collaboration with major employers to provide bus services. Some participants noted a resurgence of private companies, for example, Amazon, putting on free private bus services to support employees travelling to distant worksites, particularly with irregular shift patterns. There is a debate around whether this should be welcomed with some noting the trade-offs with ensuring an integrated transport network accessible for all whilst others noted that services at irregular times and off-site locations may not be viable otherwise.

Overall, it is crucial to recognise that the journey begins long before boarding the bus. Accessibility of online information, intuitive route planning tools, and integration of user-friendly technology must all be considered part of the inclusive travel experience. These digital services must themselves be accessible, with interfaces designed for users of all abilities.

## **Conclusion:** embedding best practice to make bus services more inclusive

While the UK bus sector faces numerous challenges in delivering truly inclusive transport, there is a significant opportunity to reimagine bus services as essential public service that enables social equity and strengthens communities.

Improving performance on reliability, frequency and affordability have the potential to improve the experience for all users, making buses a more attractive choice. In parallel to this, it is also important that the bus system is inclusive of specific needs of vulnerable groups. The UK has many encouraging initiatives that promote social inclusion including strong accessibility design standards, concessionary fare proposals and innovative ticketing. It is important to continuously monitor these initiatives to ensure they are meeting passenger needs, are inclusive and can be sustained long-term.

Knowledge sharing from authorities that have successfully delivered these initiatives is vital, including from authorities with extensive experience such as Transport for London and the Bus Centre of Excellence which provides training, guidance and resources of best practice. There is also scope to learn from international systems in Singapore or Hong Kong, where highly integrated and user-centric transport networks are well-established.

It is vital that these best practice insights are embedded into local transport planning and policy initiatives, ensuring that future investments deliver not only operational improvements, but measurable progress on accessibility and inclusion. With greater certainty over funding, stakeholder collaboration, and a commitment to inclusive design, the bus sector can evolve into a model of how public transport can truly serve everyone.

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