

House of Lords Covid Committee: inquiry into the long-term impact of the pandemic on the UK's towns and cities

30 June 2021

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The full consultation response, as submitted, is below.

CREDS Consultation 025 | July 2021

Background

Our evidence is provided as part of the COVID-19 Transport, Travel and Social Adaptation Study ([TRANSAS](#)) which has been funded by the UK Research Councils, Transport Scotland, Department for Transport, Transport for the North, Liverpool City Region Combined Authority, Strathclyde Partnership for Transport, University of Leeds and Climate Exchange. Our research is supported by UKRI investments in the Centre for Research on Energy Demand Solutions ([CREDS](#) EP/R035288/1, the [DecarboN8](#) network (DecarboN8 EP/S032002/1) and the [Productivity Insights Network](#) (ES/R007810/1).

Our data comes from four sources.

- A longitudinal panel survey with over 6,200 responses in June and October 2020 with a third wave of data collection underway. The sample is representative of populations in 10 sites covering cities and surrounding towns. There is an urban bias (London, Bristol, Greater Manchester, Liverpool, Newcastle, Lancashire, Glasgow, Aberdeen, Edinburgh, Ayrshire).
- Two sets of interviews with 100 members of the public conducted in July 2020 and February March 2021.
- Three sets of 18 interviews with policy and sector experts from local, regional and national government, transport operators and network providers (May 2020, November 2020, June 2021).
- A study of how Leeds City Centre employers and property owners and developers are responding to the changes in behaviour (April/May 2021).

Further details of our work can be found at <https://covid19transas.org/>

In this evidence we highlight some of the key findings related to the changing nature of employment and public transport use. The two are inextricably linked.

Changing nature of employment

Q1. How will the pandemic change the nature of employment? And what will be the long-term impact of this change on towns and cities?

Figure 1 below shows the change in patterns of working from home from pre-pandemic to October 2020 when some of the restrictions on travelling to work had been lifted.

It is important to note that 44% of our sample had still never worked from home by October. Analysis suggests that these people are more likely to be car drivers, to live in areas with higher levels of deprivation and worse levels of accessibility to key services and facilities on the edge of towns and cities. They have continued to commute and to face the costs of doing so, despite being holding jobs with lower pay on average.

There has obviously been a major shift in working from home patterns. Our sample shows a move from 4% working from home all of the time before the pandemic (broadly representative of national trends) to 38% by October with a further 17% working from home some of the time. Our analysis suggests that those who used to work from home occasionally were more likely to be rail commuters or cycle commuters. Those who work from home all of the time are living in the more accessible parts of our cities – it is too early to say whether people are adapting to the potential to work from home by moving out to areas where accommodation is cheaper or more space is available.

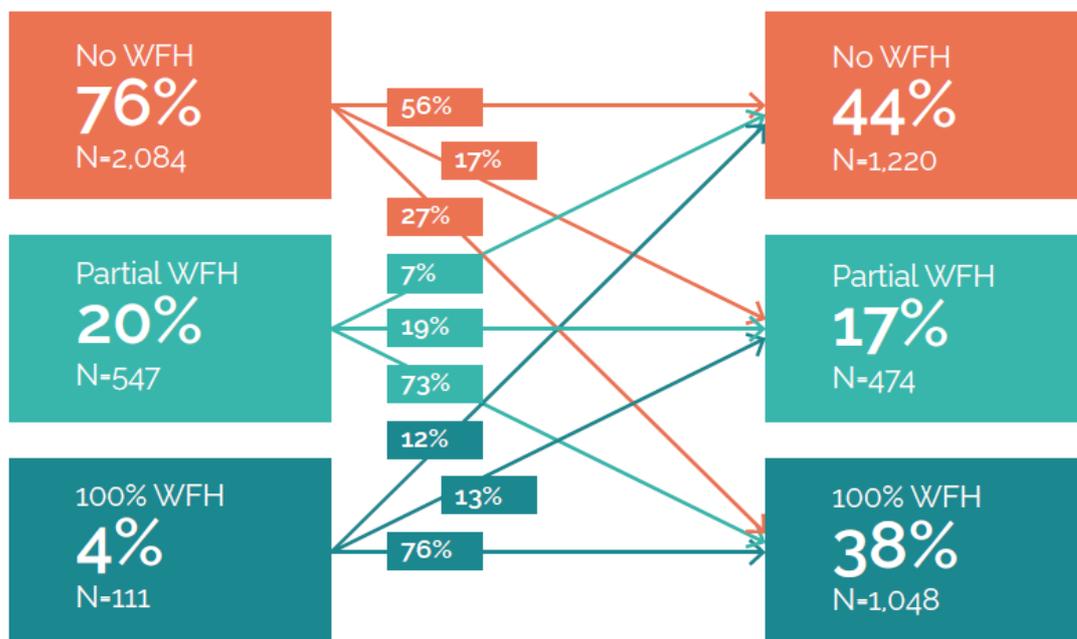


Figure 1: Change in proportion of sample working patterns pre-pandemic to October 2020ⁱ

People who have previously been told that they cannot work from home in their role have been told they must work from home and have been doing so for more than 15 months in many cases. The key question is about how people and business will balance the return to work. Businesses are actively planning for fewer desks in offices and, in some cases, fewer offices. Our interviews with the public suggest that people do not want to go back to the office all of the time. Where that balance lands will have profound effects on the way in which public transport is funded and planned as we discuss further below.

Q2. How might this increase, or decrease, inequalities within towns and cities?

There are short-run and long-run effects to consider here and much will depend on the policy responses which are adopted. In the short-run, those who have had to continue to commute are likely to be incurring greater costs than those who work from home – although there are additional costs to home working such as domestic energy, internet and workspace provision. It is also the case that some people have inadequate space to work from home and therefore are working in conditions which are worse than would be provided in their place of work.

The long-run effects related to transport will come back to the extent to which travel demand returns to previous levels, how commercial companies respond to the different operating market and how government responds with subsidy. There are risks of reductions in services, which had in many places already been happening, being accelerated. To date however, government interventions have prevented this from happening by maintaining, to the degree that is possible, pre-pandemic service levels. We discuss this further below.

Q3. How might this increase, or decrease, inequalities between towns and cities?

We find it difficult right now to identify how the differentials between towns and cities will play out. However, our data looks at behaviour in different cities and we can see some marked differences in the prevalence of working from home. This relates in part to the nature of the industries which are predominant in the different areas (Figure 2). London, Manchester, Bristol and Edinburgh are all above the average levels of working from home in October with Aberdeen, Ayrshire and Lancashire all being notably lower, reflecting the more rural nature of those parts of the sample. However, even within our urban areas we can see big differences – 2.5 days a week working from home in the Bristol area compared with 2 days a week in Liverpool City Region. It is important to note that, whilst much smaller before the pandemic, these patterns of differences were still there.

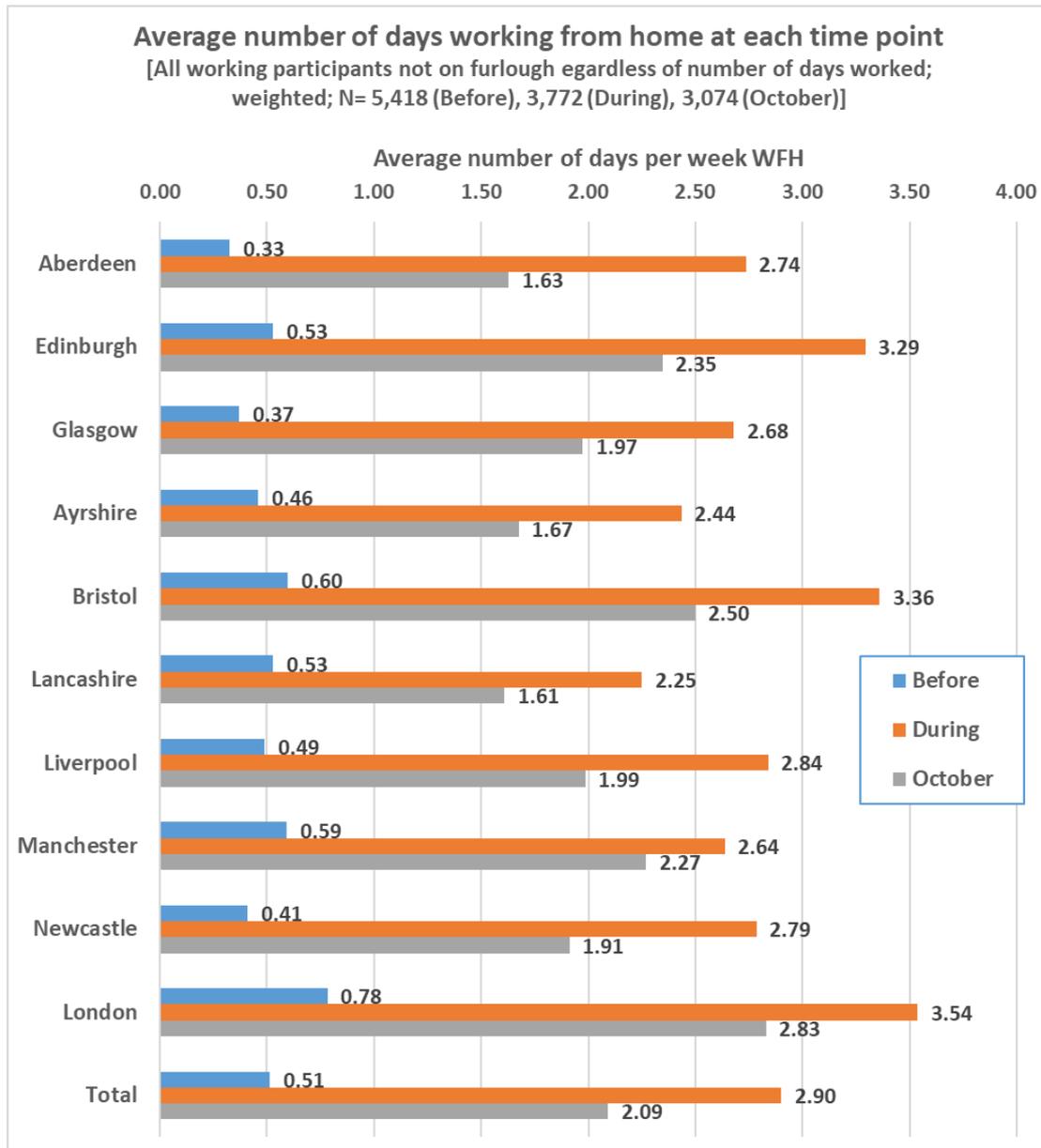


Figure 2: Average number of days per week worked from home in our sample sites

Public transport

Q1. What is the long-term impact of the pandemic likely to be on public transport in towns and cities?

Our work with experts across the transport sector suggests that as of June 2021 there remains considerable uncertainty as to what the patterns of public transport use will be like and how long it will take for them to understand how much of any of the changes are permanent. What we saw broad agreement on is that:

- there will be a period of around one to two years where people are re-adjusting to both working arrangements but also their willingness to share crowded spaces; and
- that demand is likely to be lower, particularly in markets where people have the option to travel by other modes of transport or to not travel as much. On rail, the envelope being discussed is 60% to 100% of pre-pandemic levels with more estimates around the 80% mark. For bus, there is some expectation this will be a bit higher than rail. Much of this is guesswork though.

The long-term impact will though be a reduction in peak hour journeys and, for rail, in business travel. Even if the demand reductions are of the order of 10% to 20% this will be profoundly important to the health of public transport. Business fares and season tickets form a substantial part of the fares income and this allows the cross-subsidy of other services and the provision of good value leisure tickets. The government has recognised the importance of public transport in providing emergency funding to the rail and bus industry. However, it is managing the pathway from here to two years hence which will be critical. Cut support funding too early and the only response will be to see an atrophy of services. This will create a negative spiral of experience and quality. Whilst the government has published Bus Back Better and the Shapps-Williams review, there is really very little clarity about what the future support envelope for services will be. Will the Treasury have the necessary strategic patience to support the transition period?

Q2. How might this increase, or decrease, inequalities within towns and cities?

In our survey work, 60% of those travelling by bus and rail during the pandemic had no alternative means of making those journeys. Our experts tell us that the local government supported bus services (ones which operators would otherwise not choose to run) have grown slightly faster than commercial services. Any cuts to subsidy and any loss of services is going to affect groups who are reliant on public transport much more than the 'choosers' who decide to do things in a different way. The government recognised the importance of key workers during the pandemic and kept the services running. Those key workers are still there and they, and others seeking employment, will be disproportionately impacted.

It is worth also noting that our evidence has also further reinforced the lack of options for those living on the edges of cities, on low incomes who are having to commute by car to their jobs which public transport already does not serve. Some might argue that taking on a car is a sign of social progress. This is not always the case. It has been demonstrated that around 7% of the UK population has a car despite being classified as at risk of poverty (e.g. not able to afford basics such as heating).ⁱⁱ This is a distress purchase not a choice.

Q3. How might this increase, or decrease, inequalities between towns and cities?

We note above that there is a different pattern of working from home in different places and so, the extent to which different towns and cities are exposed to patronage income risk varies. There will be other differences such as the mix of work and leisure travel in different markets and the proportions of people who feel they remain clinically vulnerable to the virus or subsequent mutations. In addition, some cities commute patterns are more dependent on rail commute whereas other places do not have a significant commuter rail network. To date, we have seen variations between best and worst performing bus markets of around 20% which suggests the potential for inequalities to emerge.

Q4. What action is needed from the UK Government, town and cities leaders, and others to mitigate the risk of any increasing inequalities?

The discussion on inequalities needs to connect to several other agendas which also flow out from the pandemic response. For example, whilst the reduction in public transport use could have implications on inequalities the opportunity which wider working from home creates in terms of climate emissions reduction is also essential to seize.

The key decisions facing national government are:

- what is the envelope of revenue support for public transport?
- how will it be distributed between rail and bus?
- how long will 'additional' funding be available?
- what will the new baseline service provision look like?

The Bus Back Better White Paper is welcome by government and operators alike. However, the £3bn additional funding is to cover the transition to electric buses, transformative bus priority and support for Covid transition. It will be spread very thinly across England. There is a possibility that some places will not be in a position to meet the demanding timetables from DfT on establishing statutory bus partnerships and will therefore not be eligible for continued post Covid recovery funding.

The Shapps-Williams Review suggests that it will take time to deliver efficiencies in the rail sector as a result of the reorganisation. Rail actors suggests there are a few quick wins but that saving money in the short run will be a challenge. Policy prior to the pandemic was to try and ensure that fare payers delivered a greater proportion of rail costs through the fare box. This

has been reversed during the pandemic and a clear view on what this balance might transition to is critical.

There are important decisions about funding and the distribution of funding between the different public transport modes with important equity considerations. DfT statistics show that rail moves 1.8 billion trips per year compared with 4.8 billion trips on local bus. People in the highest real income level group made on average over four times as many trips by rail as those in the lowest real income group. The position on bus is the inverse, with people in the lowest income group making the most journeys, more than twice that of the highest income groups.ⁱⁱⁱ

Local authorities can work effectively with bus and rail companies to deliver a network which best meets the needs of their citizens. Effective marketing campaigns as the economy opens up will also help. Better bus priority will lower the operating costs of bus and help with the cost base of the network and, therefore, protect services. However, it has taken 5 years to deliver the £182.5m bus improvement plan for Leeds. Change takes time, even on roadspace reallocation. The defining issue therefore is likely to be the support envelope whilst this transition happens and we understand the changing travel patterns and user preferences.

Finally, the messaging from central government to “Avoid Public Transport” has been hugely damaging to public transport. We heard from several actors that, as the restrictions ease, the government must resist treating public transport differently (i.e. do not open up night clubs and insist that you need a mask on public transport) unless the science is very clear about this. If public transport is made to be seen to be unsafe then the longer-term impact on attitudes to it will be even more damaging.

Q5. How could the UK Government, town and cities leaders, and others use their response to the pandemic to reduce inequalities in public transport?

Prior to the pandemic the costs of public transport were rising in real terms well above inflation. Bus services and socially necessary bus services were being reduced. The market logics have delivered some positive impacts in some areas but overall inequalities were widening.

One thing which the pandemic revealed was some of the real social value of public transport in relation to its support for key workers. It has also revealed the extent to which our town and city centre economies have grown up depending on large numbers of people working there.

Whilst it is far from clear that this will happen, it appears that the changes to rail franchising provide one example of the way forward. The UK has attempted to run public transport with market logics. There is no entirely commercial local public transport or rail – subsidy is channelled in to this either directly or indirectly and then commercial enterprises decide how best to use that to deliver the pseudo-commercial market outcomes.

The pandemic has revealed the extent to which the state is central in public transport provision and the core social reasons governments need to be engaged in public transport. This more social model of managing public transport and contracting private providers to fulfil the state's requirements is the norm in countries such as the Netherlands, France and Sweden. Unless the social and wider public policy values of public transport drive the reforms to the system then it seems very difficult to see the pandemic doing anything other than widening inequalities in public transport provision. The wider costs of allowing this to happen in terms of climate emissions, congestion costs and the loss of economic opportunity to those least able to respond in other ways may well outstrip the benefits of supporting public transport. This needs to be recognised by Treasury in the difficult forthcoming Comprehensive Spending Review.

Please note that CREDS' current research portfolio includes work on transport poverty, with findings expected later this year - <https://www.creds.ac.uk/fair/>.

ⁱ <https://covid19transas.org/at-a-crossroads-travel-adaptations-during-covid-19-restrictions-and-where-next/>

ⁱⁱ <https://teresproject.files.wordpress.com/2018/01/mattioli-forced-car-ownership-2017.pdf>

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590562/rail-passengers-factsheet-2016-revised.pdf

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