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Research paper

Notes from a small island: The continuing evolution of the local bus industry in the British Isles

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ABSTRACT

This paper reviews recent developments in the local bus industry in the United Kingdom and three crown dependencies (Guernsey, Isle of Man and Jersey). The industry is well-known for the deregulation implemented in the mid-1980s, but this only affected Great Britain outside London. In London, an alternative regime of comprehensive tendering was developed, whilst in Northern Ireland the industry remained under public ownership and control. Recent trends in these different jurisdictions will be reviewed with particular reference to Bus Back Better, the national bus strategy for England, published in 2021. This has led to some extensions of the concept of franchising, most notably in Greater Manchester, and to the development of enhanced partnerships. In addition to this general high-level review, two case studies are discussed, based on recent student projects at the University of Southampton. The first compares the bus market and industry in Guernsey and Jersey (both competitively tendered), the Isle of Man (publicly owned and controlled) and the Isle of Wight (deregulated). The second examines the bus market and industry in the neighbouring urban regions of Bournemouth and Southampton, where in both cases the successor to the former municipally owned incumbent has recently exited the market. Broad assessments are made of the efficacy of the different organisational structures considered. Conclusions are drawn with respect to likely future developments in the regulatory cycle, the relevance of theories of public value and whether the co-production of services could form a fourth way for the bus industry.

> *… it occurred to me, not for the first time, what a remarkably small world Britain is. That is its glory you see - - that it manages at once to be intimate and small scale, and at the same time packed to bursting with incident and interest.* Bill Bryson.
>
> Notes from a Small Island, 1995.

1. Introduction

Our starting point is Preston (2023) who noted that the origins of the International Conference on Competition and Ownership in Land Passenger Transport can be traced back to the deregulation of local buses in Great Britain outside London as a result of the 1985 Transport Act (see also Preston, 2005). Local buses in Great Britain have remained of interest to this Conference series, although this paper extends the scope to the British Isles.

The deregulation of buses is associated with the1985 Transport Act, which was actually a package of reforms. In addition to the quantity deregulation of local buses outside London (fares having been deregulated by the 1980 Act), it also introduced competitive tendering of socially necessary services, the commercialisation and privatisation of nationally and municipally owned bus fleets and the tightening of regulations concerning safety (enforced by the Traffic Commissioners) and competitive behaviour (enforced by the then Office of Fair Trading, since 2014 part of the Competition and Markets Authority). The rationale behind the reforms was articulated by Beesley and Glaister (1985). It was believed that the reforms would reverse the long-run decline of the local bus industry by introducing competition, reducing costs and achieving a better mix of services and fares, whilst not having any undesirable spin-offs. Some counterarguments were provided by Gwilliam et al. (1985). The long-term impacts of this package of reforms were assessed by Preston and Almutairi (2013, 2014) who argued that the main effects had worked their way through the system by around 2000, a period of some 15 years and the reforms had not, in the main, reversed the long-run decline of local buses in Great Britain outside London, although there had been some success in London with a regulatory

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regime of comprehensive tendering.

Given concerns that bus deregulation has not reversed the bus industry's long-run decline, there was a raft of subsequent legislation and policy documents. New Labour developed an Integrated Transport White Paper (that culminated in the 2000 Transport Act) and this was accompanied by a series of daughter documents, including one on bus entitled From Workhorse to Thoroughbred (DETR, 1999). However, this was modest in both ambition and outcome (Preston, 2003). The 2000 Transport Act made provision for Statutory Quality Partnerships (SQPs) and for Quality Contracts (QCs), with the latter being based on the comprehensive competitive tendering model in existence in London. In the event, no QCs were established, whilst there were only two SQPs. Instead, Voluntary Quality Partnerships (VQPs) between bus operators and authorities emerged in the 1990s and were seen as a form of light touch regulation (Carr, 1997). By the beginning of the next decade, Preston et al. (2005) were reporting on 30 VQPs.

The 2008 Local Transport Act introduced some measures to overcome the barriers to the establishment of SQPs and QCs, including the development of Integrated Transport Authorities (ITAs). This had some limited success, with Rye and Wretstrand (2014) reporting six more SQPs and Villa i Aguilar et al. (2022) reporting around 14 in total in England and Scotland. However, the only QC scheme that was progressed (in Tyne and Wear) ultimately failed to gain approval (McTigue et al., 2020).

With the onset of the Coalition Government in 2010, the focus was on competition for discretionary funds with the 2012 Green Light for Better Buses policy document launching the Better Bus Area and Greener Bus Funds (Preston et al., 2014). The subsequent Conservative administration implemented the 2017 Bus Services Act, the third attempt to enact Quality Partnerships. SQPs became Advanced Quality Partnerships and QCs became franchising, whilst there were provisions for Enhanced Partnerships (EPs) that permitted shared ticketing and coordinated services as had been successfully developed in Oxford but had been previously prohibited on pro-competition grounds (White, 2017). The Department for Transport (DfT) reported that 20% of bus operators in England were involved in at least one partnership scheme in 2017/18, although Preston and Darivakis (2019) were only able to identify 15 quality partnerships in England, of which 11 were voluntary (73%). If this is representative, then only around 5% of bus operators were involved in statutory schemes.

Bus policy reform gained further impetus with Boris Johnson as Prime Minister (2019-2022). As Mayor of London (2008 to 2016), he used bus services as a key policy instrument. The subsequent bus strategy, launched in March 2021, had the then Prime Minister's imprint, with the strap line Bus Back Better alluding to both the post-Covid 19 recovery and the levelling-up agenda (DfT, 2021). The key provision was that by July 2021, all Local Transport Authorities (LTAs) should establish EPs, except Combined Mayoral Authorities (CMAs) that are planning franchising. EPs provide local authorities with the potential to specify requirements with regards to a wide range of service options, including timetabling requirements, bus frequencies, ticketing and marketing arrangements, appearance of vehicles and public transport information provision.

Out of 79 LTAs in England, 76 chose EPs, with 71 becoming statutory by December 2023 (DfT, 2024). Three CMAs (Greater Manchester, Liverpool and Cambridge & Peterborough) opted for franchising. Greater Manchester has been the front runner in bus franchising, with Phase 1 of the Bee Network launched in September 2023, focused on Bolton and Wigan, and Phase 2 launched in March 2024, covering Bury, north Manchester, Oldham, Rochdale and Salford. The remaining parts of Greater Manchester were franchised in January 2025, making a total of 1600 buses and 577 routes under the franchised Bee Network.[1] There are plans to bring local train services into the network by 2030. Although it is too early to make an assessment, Palmer and Sansom (2025) report that there has been a healthy number of bids for each franchise, including one significant new entrant, but Small- and Medium-sized Enterprises have not been successful. There were also some indications of increasing demand and improved service reliability. In March 2024, CMAs in South and West Yorkshire decided to adopt bus franchising.[2]

It was required that all LTAs should publish Bus Service Improvement Plans (BSIPs) by October 2021. The reforms included provisions for common routing and numbering, low flat fares and daily caps (including a low fares experiment in Cornwall), the promotion of bus priority and on demand services, and investment in up to 4000 zero emission vehicles. Initial investment of £270 million in 2020/21 in the All-Electric Bus Town or City and the Zero Emission Bus Regional Area (ZEBRA) scheme resulted in funding of 1278 zero emission buses in 17 LTAs. In April 2022, the DfT announced that 31 BSIP bids (covering 34 out of a total of 79 LTAs) were successful. Including earlier awards, just under two-thirds of England's population would benefit from the commitment to invest £3 billion to transform bus services announced in 2020. This begged the question of what will happen to buses serving the other third of the population.

That particular question was answered in the form of what eventually became known as BSIP Phase 2 and Phase 3 (DfT, 2024). The original BSIP involved funding of around £1.04 billion. Phase 2, announced in May 2023, involved 64 LTAs and some £160 million. Phase 3, announced in October 2023, involved 38 LTAs in the North and Midlands and a further £150 million. As a result, all LTAs received some form of BSIP funding.[3]

Table 1
Trends in the British Bus Industry 1985/6 to 2019/20 (to 2008/9 in brackets) (% change).

	Passenger Journeys	Real Receipts per Passenger	Vehicle Kms	Real Costs per Vehicle Km	Real Subsidy **
London	+76% (+87%)	+32% (+15%)	+79% (+78%)	NA (−28%)	+10% (+84%)
Great Britain outside London	−44% (−31%)	+65% (+55%)	−3% (+20%)	+4% (−20%)	−19% *** (+5%)

Based on Transport Statistics Great Britain. See also Preston (2023).
* Fare Index from 2009; ** Excluding Fuel Duty Rebate (FDR)/Bus Service Operator Grant (BSOG); *** Based on trends in England, outside London. Data for Scotland and Wales not readily available.
NA Not Available.

2. National review

The key trends in the British bus industry are well documented (see, for example, Preston, 2018, chap. 9, 2023). Some estimates of broad indicators are given in Table 1.

The differences between London and Great Britain outside London are dramatic. Between 1985/6 and 2019/20, passenger journeys grew by 76% in London, whilst they declined by 44% elsewhere, although both markets have exhibited similar declining trends since around 2012 (DfT, 2021, p. 21). London has also seen a sustained increase in bus services and increases in subsidy (although around the turn of the

[1] See https://greatermanchester-ca.gov.uk/what-we-do/transport/bus-franchising <Accessed 19 June 2025>.

[2] See: https://www.centreforcities.org/blog/where-are-we-with-bus-franchising/<Accessed 23 June 2024>.

[3] See: https://www.gov.uk/government/publications/bus-service-improvement-plans-local-transport-authority-allocations/bus-service-improvement-plans-local-transport-authority-final-allocations <Accessed 23 June 2024>.

Table 2
Trends in Bus Markets in the United Kingdom 1985/6 to 1994/5 (% change) (to 1996/7 in brackets).

	Passenger Trips	Passenger Trips per Capita	Bus Kilometres
Great Britain outside of London	−27.5 (−30.7)	−30.2	+28.6 (+30.3)
London	+1.3 (+7.8)	−0.3	+28.8 (+25.3)
Northern Ireland	−5.4 (−7.0)	−9.2	+29.4 (+29.0)

Sources: White (1997), White and Farrington (1998).

millennium the system was close to break-even). It has also had lower real fare increases than the rest of Great Britain. Where real costs can be compared, the unit costs reductions in London were even greater than those outside London. Outside London these costs have subsequently increased but cost data for London are no longer publicly available.

It is therefore little surprise that the National Bus Strategy attempted to replicate features of the London model elsewhere in England. However, as White (2010), amongst others, has pointed out, the market in London is different from elsewhere in Great Britain, in terms of demographic and economic change, as well as in terms of the presence of congestion charging as well as higher levels of funding and, subsequently, ultra-low emission zones. The institutional capacity for (and maturity of) public transport planning is also greater in London than elsewhere, which is partly why EPs are favoured over franchising in most areas outside of London.

A key issue in assessing these long-term trends is the counterfactual. What would have happened if the bus industry in Great Britain had remained publicly owned and controlled? As White (1997) has pointed out a possible clue comes from Northern Ireland where the bus industry has remained regulated and publicly owned. In the Transport Act of 1948, the Ulster Transport Authority (UTA) was formed to oversee the running of rail and bus transport in Northern Ireland. This eventually became the Northern Ireland Transport Holding Group in 1967 and was rebranded as Translink in 1996, with two main bus operations - Citybus in Belfast (following the nationalisation of the municipal fleet in 1973) and Ulsterbus in the rest of the country (Mackie, 2018).

Consistent data for Northern Ireland are difficult to obtain but White (op cit.) put together some data comparing the different parts of the United Kingdom between 1985/6 and 1994/5, as shown in Table 2. This was then updated by White and Farrington (1998).

What is noticeable is that Northern Ireland was between the two other parts of the United Kingdom in terms of demand changes but has the highest increase in supply (albeit by a small margin), at least for the comparison to 1994/5. Difference in differences estimates (treatment area minus control area) are used to highlight illustrative trends.[4] They suggest a decline in demand, in terms of passenger trips, in Great Britain outside of London of around 22% but an increase in London of almost 7%, compared to Northern Ireland. By contrast for supply, the results are a decrease of around 1% for both Great Britain outside of London and for London, which might be interpreted as no difference, Although Northern Ireland is by no means an ideal control, particularly prior to the Good Friday agreement (1998) that ended a prolonged period of civil unrest, it

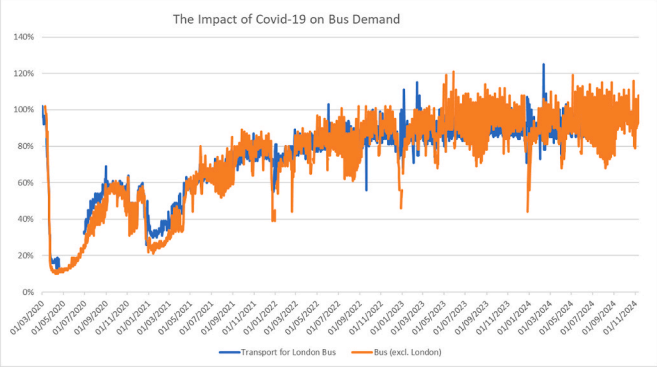

Fig. 1. The impact of Covid-19 on bus demand.
Source: https://www.gov.uk/government/statistics/transport-use-during-the-coronavirus-covid-19-pandemic

may be of interest to extend these comparisons, at least on the demand side. However, this is not straightforward as readily available digital data only goes back to 1995/6.[5] Compared to 1985/6, it is estimated that bus trips in Northern Ireland had decreased by 16% by 2008/9 and 19% by 2019/20. Comparison with Table 1 then suggest difference in differences of around −15% and −25% for Great Britain outside London for 2008/9 and 2019/20 respectively. For London, the corresponding figures are +102% and +101% respectively. Compared to the publicly owned and regulated market, the deregulated market demand reduced somewhat, but the comprehensively tendered bus market saw substantial growth.

The two break points in Table 1 were chosen purposively. The year 2008/9 was the end of the evaluation period in the papers by Preston and Almutairi (op cit.). The year 2019/20 was the last year relatively unscathed by Covid-19. The impact of Covid-19 on bus usage in Great Britain outside of London and in London is relatively similar (Fig. 1), with bus use around 90% of pre-Covid levels by late-2024 – but higher than this percentage at weekends (particularly Sundays) and lower during weekdays. The break points in Table 2 (1994/5 and 1996/7) were not chosen purposively but reflect the data analysed by the source documents (White, op cit., White and Farrington, op cit.).

The impacts of Covid-19 on bus finances in England are illustrated by Table 3. Subsidy for the devolved nations (Northern Ireland, Scotland and Wales) are reported separately and not always consistently. In 2019/20, fares in England accounted for around 60% of funding, with subsidy amounting to some £2.5 billion. This subsidy was split between revenue support for socially necessary Public Transport (PT) services (40%), concessionary fares reimbursement (48%) and Bus Service Operators Grant (12%). The latter is a discretionary grant that helps operators recover some of their fuel costs and was previously known as Fuel Duty Rebate.

In the peak Covid-19 year of 2020/21, subsidy increased to £4.8 billion, the farebox ratio reduced to 23% and emergency grants were introduced to ensure the industry's survival. By 2022/23, subsidy had fallen back down to around £2.4 billion, and the fare-box ratio had gone up to almost 57%. However, as a result of fare caps (a maximum £2 fare on most bus routes from January 1, 2023 to December 31, 2024, increased to £3 from January 2025), subsidy went up in 2023/24 to £2.8 billion and the fare box ratio fell back to 53%.Moreover, the composition of this subsidy had changed. Gross PT support had increased to 49%, whilst concessionary fare reimbursement had reduced to 26% (and was 39% lower than in 2019/20), reflecting reduced bus travel by the

[4] Formal difference in differences approaches can be traced back to Ashenfelter and Card (1985) that involve, amongst other things, statistical testing of parallel trends between the control and treatment groups prior to the intervention. We do not have access to consistent time-series data to permit such formal testing.

[5] As given in https://www.infrastructure-ni.gov.uk/publications/northern-ireland-transport-statistics-1999-2000 <Accessed 18 June 2024>. Bus demand in 1996/7 was 78.2 million, which given Table 2 implies 84.1 million in 1985/6. Bus usage was 70.5 million in 2008/9 and 68.3 million in 2019/20.

Table 3
Bus Subsidy in England (£ million – June 2024 prices).

	Fare Receipts	Gross PT Support	Concessionary Fares	Bus Service Operator Grant (BSOG)	CBSSG/BRG	Fare Cap	Total
2019/20	3757	995	1173	292			6217
2020/21	1413	2221	1091	255	1258		6238
2021/22	2616	1644	941	278	514		5993
2022/23	3274	1352	767	213	162	64	5833
2023/24	3184	1377	713	210	206	279	5968

CBSSG = Covid Bus Service Support Grant, BRG = Bus Recovery Grant.
Source: https://www.gov.uk/government/statistics/annual-bus-statistics-year-ending-march-2024 BUS05ii.

Table 4
Comparative general statistics for the four islands.

	Area (km^2)	Resident Population	Population Density (km^{-2})	GDP £ bn	Median Weekly Earnings (£)	Car Ownership per Capita.
Isle of Wight	382	140,400	368	3.10	621	0.57
Isle of Man	572	84,069	147	5.08	673	0.61
Guernsey	78	63,950	820	3.45	768	0.98
Jersey	120	103,100	859	5.09	860	0.66

Source: Mu, op cit., 8.

elderly as a result of Covid, and BSOG had reduced to 7%. The balance is made up by support for fare caps.

3. Evidence from small islands

From the above, it is evident that the United Kingdom somewhat inadvertently provided a natural experiment where bus deregulation (Great Britain outside London), comprehensive tendering (London) and public ownership and control (Northern Ireland) could be compared. If the scope is extended to the British Isles, further comparisons can be made (Mu, 2023).

The Crown Dependency of the Isle of Man has a publicly owned and controlled public transport system and is organisationally similar to Northern Ireland, not least in terms of the integration of bus and rail services. Public transport is controlled by the Department of Infrastructure and operated by Isle of Man Public Transport, that dates back to 1873, and operates buses as Bus Vannin (brand used since 2009).

By contrast, the Crown Dependencies of Guernsey and Jersey have adopted a franchising model. In Jersey, franchising can be traced back to the MyBus brand that was operated from September 2002 by Veolia Transport (Veolia Transdev from 2011), under a seven years plus three contract, replacing the incumbent JMT. From January 2013, the franchise was operated by LibertyBus, a subsidiary of HCT (Hackney Community Transport) (London) Group, a social enterprise, on a ten years plus three model. In September 2022, LibertyBus was sold to Tower Transit, part of the Kelsian Group. In October 2024, Kelsian was named as Preferred Bidder for the renewal of the bus services contract for the island of Jersey, following a competitive tender process. The contract is for a 10-year term commencing April 6, 2025.

A similar picture emerges in Guernsey. Franchising has been undertaken since 2001, initially by Island Coachways. From 2012 bus services were operated by CT Plus Guernsey, a subsidiary of HCT (London) Group (and branded as buses.gg) on behalf of the Environment Department of the States of Guernsey. CT Plus was also acquired by Tower Transit in September 2022 following the administration and subsequent collapse of CT Plus's parent company. This contract ran until March 2025 and in September 2024 it was announced that the new contract would be operated by Stagecoach.

The last of the small islands to be covered is the Isle of Wight, which is a Local Authority District of England. Along with the rest of Great Britain outside London, buses were deregulated in 1986. The dominant operator is Southern Vectis which was part of the publicly owned National Bus Company but was privatised by a management buy-out in 1986 and was sold to the Go-Ahead Group (the current owners) in 2005. The bus route maps for the four islands are given in the Appendix, whilst Table 4 provides some background comparative data.

Table 4 indicates that these islands are broadly comparable, but the two Channel Islands (Guernsey and Jersey) are smaller (in terms of area), more densely populated, wealthier and with higher car ownership. Some evidence on the performance of the bus industry in each of the four islands is given by Table 5. Where possible the data presented are standardised to permit comparisons. This is based on per capita indicators, as consistent data on households and age structures were not available. It should be noted that all four islands have substantial tourist industries so that the resident population is not a complete indicator of demand potential.

Table 5 indicates that supply per capita, in terms of number of vehicles and bus kms operated are similar in the Isle of Wight and Man but lower in the Channel Islands. The level of demand per capita are similar in Jersey and the Isles of Wight and Man but is lower in Guernsey. Fares per km are also similar in the Isles of Wight and Man, a bit higher in Guernsey and much higher in Jersey. Subsidy per capita is lowest in the

Table 5
Comparative bus statistics for the four islands.

	SDEUs per 000 population	Annual bus kms per capita	Annual passenger trips per capita	Fare per km (£)	Annual subsidy per capita (£)	Below average Trip Advisor reviews (%)
Isle of Wight	1.14	32.5	44	0.15	33.40	17.3
Isle of Man	1.12	34.7	42	0.14	68.87	1.3
Guernsey	0.68	28.49	26	0.17	68.80	NA
Jersey	0.87	23.38	41	0.28	43.74	6.5

SDEU = Single Deck Equivalent Units. NA = Not Available.
Source: Mu, op cit., 18, 38, 47,48 and 50.

Isle of Wight, then Jersey, whilst the Isle of Man and Guernsey have the highest levels. With respect to customer satisfaction, it appears that the Isle of Wight has the worst reviews. Overall, it does not appear that organisational form has a discernible influence on outcomes.

Of course, as Table 4 intimates, we are not comparing like with like. If, as in the previous section, we assume that demand is the key metric, we could adjust for income and fare levels by using elasticities and comparing with a benchmark. As the Isle of Man (rather like Northern Ireland) has not undergone any major organisational reforms, it is set as the benchmark. If we assume short-run fares and income elasticities of −0.4, drawing loosely from Dargay and Hanly (2002), then compared to the Isle of Man's 42 bus trips per capita, the adjusted demand levels are Isle of Wight 44 (no change), Guernsey 30 (up 14%) and Jersey 60 (up 46%).[6] There is again no discernible pattern with respect to organisation but, following adjustments, Jersey emerges as the best performer. Indeed, DfT (2021, 43) held up Jersey as an exemplar of bus franchising with a passenger satisfaction score of 8.3 out of 10 and a 38% increase in ridership and an 11% decrease in contract price between 2012 and 2017.

The experiences of Jersey may be particularly instructive as lessons were learned from the 2002-12 contract (Government of Jersey, 2017a). This was on a cost-plus basis and characterised by weak incentives, misaligned risk profiles, a complex penalty process and low levels of customer satisfaction. Preparation for the successor contract began early with the establishment of a project board in 2009, the development of a vision, “Commissioning 4 Change”, and links to the Island's sustainable transport targets. More revenue risk was placed on the operator, penalties were simplified, and innovative smart card ticketing developed (the Avanchicard). A two-stage procurement process was developed, with the second stage involving a comprehensive re-design of the model network by the preferred bidder that included a 12% increase in service. The contract was based on an open-book profit sharing agreement (Government of Jersey, 2017b) that may have been facilitated by the preferred bidder's third-sector, social enterprise status. The contract seemed to work well in its initial phases, winning national awards and the State of Jersey receiving £971,000 of profit share between 2013 and 2016. However, the contract system was not resilient enough to survive Covid as the operator was unable to access additional funds. It is understood that the new contract with Kelsian has a secured revenue provision over its ten years duration, whilst a new bus fleet will be financed under a new limited recourse, ring fenced financing facility (Kelsian, 2024).

4. Evidence from Bournemouth and Southampton

In August 2022, the former municipal provider of bus services in Bournemouth, now privately owned and branded as Yellow Buses, ceased trading (Lin, 2024). Yellow Buses originated with the privatisation of Bournemouth Corporation Transport in December 2004 through a sale to Transdev, with operations subsequently acquired by RATP in March 2011 and a management buy-out taking place in July 2019. Between January 2017 and March 2020, the operations accumulated losses of £6.5 million. Morebus, a subsidiary of the Go-Ahead Group took over 10 of the routes, whilst an independent operator, Xelabus, took over Yellow Coaches and ran three tendered routes up to February 2023. Morebus originated from the privatisation of National Bus Company subsidiary, Wilts & Dorset, to a management buy-out in 1987 and was subsequently acquired by the Go-Ahead Group in 2003. The Morebus brand was launched in 2004 and the Wilts & Dorset name dropped in 2012.

In February 2023, the former municipal provider of bus services in Southampton, now owned by First Group and trading as City Reds, withdrew from the city. City Reds originates with the privatisation of Southampton Citybus in the form of a management-employee buy-out in 1993 and the subsequent sale to First Group in 1997, eventually becoming part of First Hants & Dorset. Bluestar took over six of the ten City Reds routes and some 140 drivers. Bluestar originated in 1987 as Solent Blue Line and was a subsidiary of Southern Vectis designed to take advantages of the opportunities of deregulation. It purchased the former National Bus Company's Eastleigh depot from Stagecoach to permit this expansion. The Bluestar brand was launched in 2003 and the operations were acquired by the Go-Ahead Group as part of the purchase of Southern Vectis in 2005.

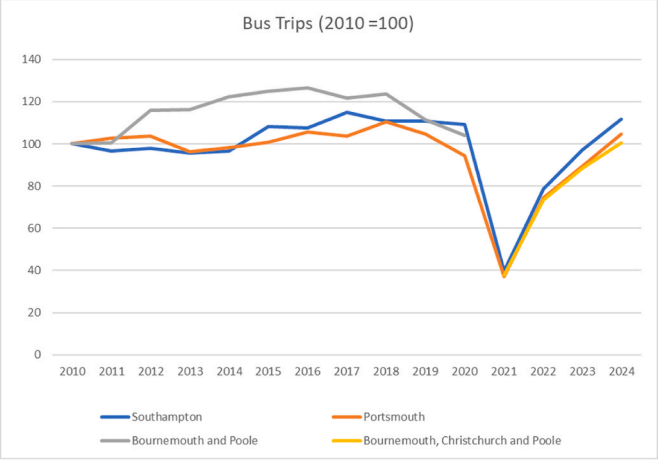

Fig. 2. Trends in bus ridership in three urban areas.
Source: DfT, 2024, Annual Bus Statistics, Year Ending March 2024. Table Bus 01e.

The recent history of buses in Bournemouth and Southampton is strikingly similar. Both were essentially duopolies consisting of former National Bus Company operations (in both cases owned by the Go-Ahead Group) competing with former municipal operations. Between August 2022 and February 2023, the former municipal operators withdrew with some services being taken over by the competing Go-Ahead Group subsidiaries so that they had a near-monopoly in both urban areas.

By contrast, the duopoly in nearby Portsmouth between Stagecoach, that had acquired former National Bus Company operations and First, in the main, the former municipal, (privatised in 1988), was maintained. With a population in 2021 of 208,013, Portsmouth is of a similar size to Southampton (248,922), and makes an appropriate control, although both cities have a smaller population than BCP (Bournemouth, Christchurch and Poole).

In Fig. 2, some recent indexed trends for demand are plotted for the three areas, although there is a complication in that the unitary authority of BCP was only established in 2019, comprising of the former unitaries of Bournemouth and Poole, plus parts of Dorset. However, data for the new unitary is only available from 2020/21 – the year of maximum Covid-19 impact. The 2021 population of Bournemouth and Poole was 337,421 in an area of 85.1 square kilometres, compared to BCP, which had a population of 400,196 and an area of 161 square kilometres – increases of 19% and 89% respectively. However, the data for BCP is indexed with respect to the bus ridership in Bournemouth and Poole in 2010.

No clear differences in demand trends emerge, although bus demand in Bournemouth and Poole seemed to grow between 2010 and 2015, before going into a decline that predates Covid. Southampton seems to have had a greater post-Covid recovery than either BCP or Portsmouth, which may reflect a low reliance on the Concessionary market and conversely a high reliance on the student market, served by Go-Ahead's Unilink brand. The increase in passenger trips between 2021/22 and

[6] For example, the result for Jersey is computed from (0.14/0.28)^-0.4*(673/860)^-0.4*41.

Table 6
Changes in Vehicle Kilometres (VKM), Network Kilometres (NKM) and Traffic Density (TD) in BCP and Southampton.

	Before (2021/22)			After (2023/24)		
	VKM (millions)	NKM	TD (VKM/ NKM)	VKM (millions)	NKM	TD (VKM/ NKM)
BCP	11.31	301	37,575	9.86	241	40,913
Soton	9.51	235	40,468	11.40	205	55,610

Source: Lin, 2024, updated.

2023/24 was 42% for Southampton, 37% for BCP and 41% for Portsmouth. If Portsmouth is set as the control, the difference in differences are +1% for Southampton and −4% for BCP.

In terms of total vehicle kilometres, this reduced in BCP between 2021/22 and 2023/24 from 11.31 million to 9.86 million (by 13%), illustrating the withdrawal of Yellowbus. Total supply was 12.24 million in 2022/23, indicating a year-on-year reduction of 19%. Tendered services declined from 1.13 million in 2021/22 to 0.83 million vehicle kilometres in 2022/23 (down 27%) and may have sparked subsequent instability in the commercial market. They subsequently recovered to 1.1 million vehicle kilometres in 2023/24.

By contrast, in Southampton total supply increased from 9.51 million to 11.40 million vehicle kilometres (up 20%) between 2021/22 and 2023/24, whilst in Portsmouth it grew from 5.89 million to 7.24 million (up 23%) (DfT, 2024, Table Bus 02d). In Southampton supply was 12.41 million in 2022/23, indicating an 8% reduction as a result of the withdrawal of First Southampton. If Portsmouth is set as the control, the difference in differences for total vehicle kilometres between 2021/22 and 2023/24 are −3% for Southampton but −36% for BCP. Recent trends in the bus industry in BCP seem to be different to those in Southampton and Portsmouth, but this may reflect a recent history of over-supply.

There is thus some evidence that the movement from duopoly to monopoly provision in BCP and Southampton led to reductions in service, particularly in BCP. Moreover, Table 6 indicates that there were also reductions in network kilometres, reducing from 301 to 241 kms in BCP (down 20%) and in Southampton, reducing from 235 to 205 kms (down 13%). As a result traffic density increased by a modest 8% in BCP and a more substantial 36% in Southampton. This may reflect economies of density on the demand side (reflected by recent demand growth) as the benefits of higher frequency services are likely to outweigh the disbenefits of some longer access and egress times. However, there may be some diseconomies on the supply side, in terms of congestion, particularly in Southampton. Where this leads to bus bunching, there may also be adverse demand side effects.

It is worth noting that Portsmouth (£48.3 million) and BCP (£8.9 million) received funding from BSIP Phase 1, whilst Portsmouth also received ZEBRA funding. Southampton did not receive funding from either source. Such variations in external funding may explain some of the variations in the bus industries in the three urban areas but further research is needed to better understand the dynamics of competition.

5. Conclusions

To return to Bill Bryson's quote at the beginning of this paper, the local bus industry in the British Isles has been 'bursting with incident and interest'. There have been further regulatory turns in the bus industry in Great Britain outside London. The dominant industry structure was becoming a private unregulated monopoly as evidenced by recent developments in Bournemouth and Southampton. In combination with reductions in some markets post-Covid (particularly concessionary travel by the elderly) and cost pressures, such unregulated monopolies lead to the danger of leaving some markets unserved. This may be seen as a variant of the empty core problem that affects network industries (Button, 1996; Faulhaber, 1975) and a return to the debate on the efficacy of cross-subsidy that took place during deregulation (Gwilliam et al., op cit.).

Table 7
Four ways of bus production.

Way	Bus Planning	Bus Operations	Examples
1. Regulated	Public	Public	Isle of Man, Northern Ireland
2. Deregulated	Private	Private	Bournemouth, Isle of Wight, Portsmouth, Southampton, GB outside London (1986-2021).
3. Tendered/ Franchised	Public	Private	London, Greater Manchester, Guernsey, Jersey
4. Co-produced	Public/ Private	Private	EPs (2021-). Some forms of franchising.

Comparisons of the evolution of the local bus markets in London, Great Britain outside of London and the control of Northern Ireland, highlight the problematic nature of the deregulated model and the potential advantages of a comprehensive tendering model. Comparative statics of four small islands, with the Isle of Man as the public control, is not decisive but, when context is taken into account, does suggest that the franchising model operated in Jersey has some advantages.

Since 2021 two trends seem to be evident, at least in England. One is a move towards regulated private monopolies in the form of EPs. This may be seen as a form of ex-post, reactive regulation. The second is the development of competition for the market in terms of the franchising models being developed by CMAs such as Greater Manchester, but which have a precursor in the system developed in Jersey. This may be seen as a form of ex-ante, proactive regulation. The choice between EPs and Franchising seem to be largely driven by institutional capacity and maturity, but may also reflect political preferences for redistribution from shareholders to consumers, subject to available budgets and low shadow prices of public funds As Preston and Wretstrand (2024) demonstrate, these trends are consistent with the theories of regulatory cycles developed by Dementiev and Han (2020) and elaborated by Dementiev (2024) in terms of an outer circle (competition in the market) and inner circle (competition for the market). Well-funded and resourced LTAs in England seem to have a preference for the inner circle (franchising), whilst less well-funded and resourced LTAs stay on the outer circle with EPs.

Given that these recent regulatory turns enhance the role of the public sector in the bus industry, the theory of public value, associated with Mark H. Moore becomes relevant (Benington & Moore, 2011, chap. 1; Moore, 1995). This is a contested concept (Brown et al., 2021) but may be summarised by Moore's strategic triangle that involves three key components: administrative and operational feasibility; political and legal support; and the creation of public value through community and stakeholder engagement. In essence, it is the study of the interplay between managers, organisations and activities that may deliver economic and social value. The public value of local buses has been under-researched, even though tools are relatively well established to determine the economic and social value of bus markets (Glaister, 2001; Preston, 2016; Stanley et al., 2011).

Loeffler and Bovaird (2019) take the concept of public value further and advocate inclusive institutional design that involves co-commissioning, co-design, co-delivery and co-assessment (the 4 Cs), enabled by digital technologies and public-private-people collaborations. They illustrate this with respect to public health applications, but the principles may also apply to public transport. Some bus contracting models, such as the one developed in Jersey, exhibit some elements of these 4 Cs. This offers the prospect of a fourth way for the production of bus services (in addition to the publicly owned and regulated; deregulated; and comprehensive tendering models) based on co-production (see Table 7). As illustrated above, both EPs and franchising (and the related BSIPs) offer some prospects for such co-production, particularly in terms of co-commissioning and co-design, although to date these

interventions have been mainly delivered by top-down processes initiated by LTAs. By contrast, deregulated bus markets, may exhibit a form of co-delivery, where there are multiple operators, but this does not seem to consistently deliver public value.

Declaration of competing interest

No interests to declare.
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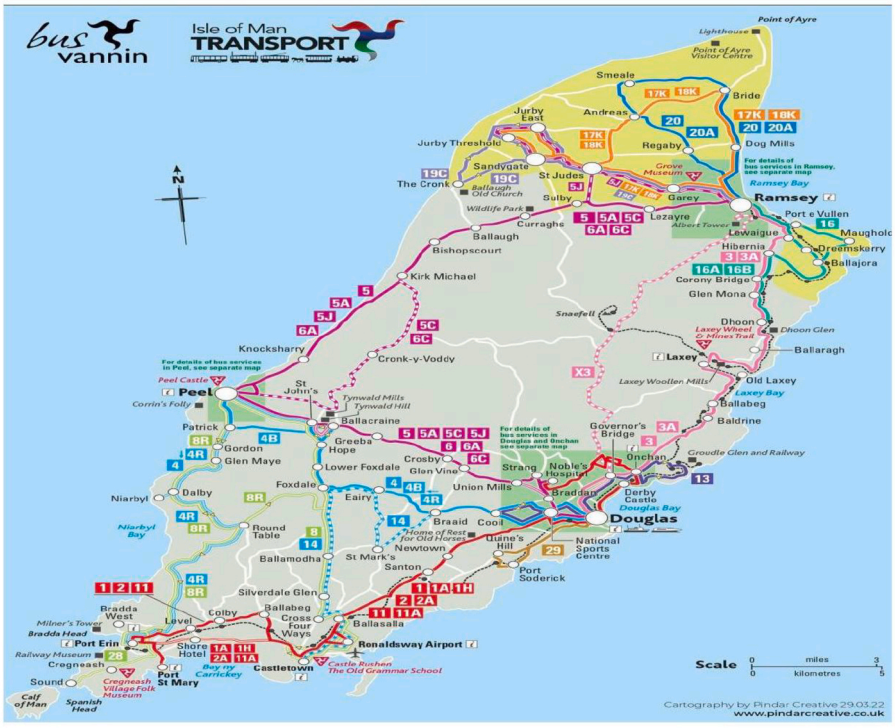
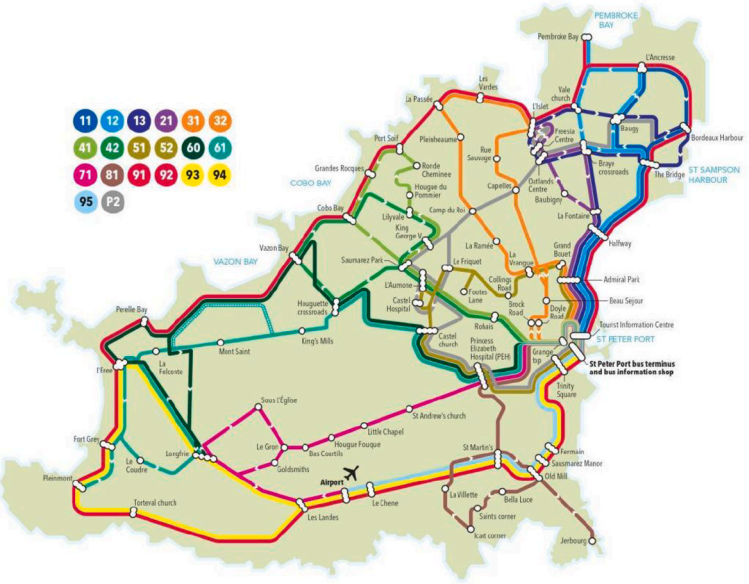
Appendix

Bus route map for Isle of Wight



Bus route map for Isle of Man



Bus route map for Guernsey

Bus route map for Jersey

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