



CONFEDERATION OF PASSENGER TRANSPORT 2024 BUDGET SUBMISSION

About CPT:

We help a dynamic bus and coach industry to provide better journeys for all, creating greener communities and delivering economic growth.

We do this by representing around 900 members from across the industry be they large or small, bus or coach, operator or supplier. We use our influence to campaign for a supportive policy environment, give our members practical advice and support to run their businesses safely, compliantly and efficiently, and bring the industry together to share ideas and best practice. We're ambitious to make things better for passengers, inclusive in seeking out different perspectives and we're always there when our members need us.

Buses and coaches are at the heart of the nation's economic and social life and 10.2 million¹ journeys a day are made by bus to get passengers to work, education and to access essential services.

The sector is ideally placed to help the Government deliver on key priorities such as helping people with the cost of living, economic growth, levelling up, air quality, combatting social exclusion, and achieving net zero carbon.

Introduction – Buses

1. Buses are the UK's most affordable, accessible and popular form of public transport and can help the Government deliver on its ambitions to level up our communities, grow our economy and reach net zero, whilst at the same time getting people to work, school, shops, health appointments and social & leisure activities.
2. Buses carry 10.2 million passengers each day², and these people drive local economies, spending £9.2bn a year in town and city centres while at work; £13bn on leisure activities and £18.7bn at the shops³; previous research has estimated that bus commuters add around £64bn a year to the economy.⁴
3. Research suggests that every £1 invested in buses can deliver £4.48 of wider benefits to society, including:
 - Benefits to passengers through improved service quality and fares
 - Benefits to the wider community through reduced congestion, improved air quality, lower greenhouse gas emissions, noise and improved transport safety
 - Wider economic benefits from increased employment and productivity

¹ [bus01.ods \(live.com\)](https://bus01.ods.live.com)

² Annual Bus Statistics, DfT 2021-2022

³ CPT and Opinion Polling 2023

⁴ Buses and Economic Growth, University of Leeds, 2012



- Increased participation in education, volunteering and other social activities leading to improvements in mental and physical wellbeing
- Aiding economic growth by linking communities with job opportunities.⁵

Investment in buses is a cost effective way to deliver Government policy.

We have set out below the key issues that we urge the Government to address in the Budget Statement to ensure that the bus and coach sector can deliver the economic, social and environmental change our country needs.

A Long Term Funding Settlement for Buses

4. The Government currently spends around £400m⁶ per year on directly supporting bus services, through payments to operators and councils. Whilst the numerous funding settlements over the last few years have all been welcome, a lack of clarity over the existence and size of future funding streams undermines confidence and prevents operators and councils from investing in longer term service development.
5. Conversely, a clear future stream of income will build confidence. It will enable, for example, operators and councils to develop new routes over a period of 2-3 years giving them time to grow and become sustainable in a way which would not be possible within a single year.
6. We therefore urge the Government to provide the sector with **a five year settlement** (in line with the rail sector) which would provide bus operators and local transport authorities (LTAs) with the confidence to plan longer term bus investment whilst continuing to deliver good services for passengers.
7. We further welcome the revisions to the English National Concessionary Travel Scheme (ENCTS) calculator and Guidance which were published recently, to reflect changes in concessionary travel post COVID; the Government should now **ensure that LTAs are adequately resourced to reimburse against the new calculator.**

Keep Fares Low

8. Bus travel has always been an affordable way to travel, particularly for regular commuters. In recent years, operators have built on this value with new ticketing options to cater for post pandemic travel patterns and have worked with Government to deliver the two year national £2 fare cap.

⁵<https://www.cpt-uk.org/media/005kczge/greener-journeys-maximising-the-benefits-of-local-bus-services.pdf>

⁶ This is made up of £250m total BSOG budget (split between bus operators and local authorities), BSOG+ at £70m a year and BSIP+ at £80m a year. It does not include LTA revenue funding allocated to bus services, 'standard' BSIP allocations or funding for zero emission vehicles.



9. Research commissioned by CPT⁷ illustrates that there are a wide range of trade-offs to consider as Government reviews its £350m+ annual investment into the fare cap. In considering the balance between different policy goals such as net zero, economic growth and managing the cost of living, it is likely that there will be better value for money ways of helping passengers.
10. Given the length of time it can take to develop, agree and implement such schemes and their associated reimbursement, even for an extension to the existing scheme, we urge the Government to **work with the sector now on a plan for, as a minimum, the first 2-3 months of 2025** (i.e. after the current scheme ends in December 2024).
11. The sudden withdrawal of a £350m subsidy to passengers would have a huge impact on many passengers' ability and willingness to pay to travel by bus.

National and Local Targets to Increase Bus Speeds – Capital Funding

11. Slow buses cost us all, they increase operating costs for operators, soaking up money which could be invested in more services; waste bus passengers' time; and deter others from taking the bus at all. After decades of decline by an average of 1% per year the average bus now travels at just 10.7 miles per hour, and much more slowly in congested urban areas⁸.
12. Reversing the trend is possible and would be transformational. Research shows that a 10% increase in bus speeds – to just under 12 miles per hour on average – could increase passenger numbers by 2.5% and reduce operating costs by 8% or up to £250m per year⁹; a cost saving which operators will work with councils to reinvest in local services. It also has the potential to save the average household £400 a year in transport spending¹⁰.
13. The most significant single policy measure that can make improvements for passengers is to tackle congestion. This would shorten journey times, making travelling by bus more attractive, which would increase passenger numbers and fare revenue. At the same time, costs would fall as fewer vehicles and drivers would be needed to maintain services at the same frequency. This would mean services are economically viable at a lower fare level, again improving demand and taking more cars off the road.
14. The Government should **set and monitor a target for all local transport authorities to increase bus speeds by 10% over the lifetime of the next parliament.**

⁷ Forthcoming KPMG report "Alternatives to the Fare Cap" 2024

⁸ CPT, Bus Industry Costs in 2023

⁹ Social Market Foundation, "Getting the measure of transport poverty"

¹⁰ Social Market Foundation, "Getting the measure of transport poverty"

[Getting the measure of transport poverty: Understanding and responding to the UK's hidden crisis - Social Market Foundation. \(smf.co.uk\)](https://www.smf.co.uk/getting-the-measure-of-transport-poverty-understanding-and-responding-to-the-uk-s-hidden-crisis-social-market-foundation)



15. Councils in the north and midlands will be able to use existing capital funding streams provided to them following the reconfiguration of the HS2 budget last year to invest in bus priority measures which offer immediate customer benefit, a long lasting impact and great value for money. **The Government should ensure that southern councils also have access to capital funding to deliver bus priority in their areas.**
16. The south should not miss out on the opportunity to invest in local buses due to a knock on effect of a decision taken in another part of the transport sector. Frequent, fast, reliable buses are required by people all across the country to get to work, school, and to access essential services, this should not be a postcode lottery based on the cancelled HS2 route.
12. The equivalent per capita investment for the south of England would amount to around £750m. It would be for local transport authorities, working with bus operators in enhanced partnerships, to decide how best to spend this money but, as an illustration, it could fund up to an additional 300 million km of bus journeys over five years (a 12% increase in mileage across the three regions). The economic return of this investment could be as much as £3.36bn including a £1 billion boost for local labour markets as accessibility is improved.¹¹

Transition to Zero Emission Buses

17. The most effective way of decarbonising road transport is to encourage a move away from private car use to greater use of public transport and active travel. As alluded to earlier in this submission, transport accounts for 24% of the UK's greenhouse gas emissions, of which cars account for 52%, with just 2% from buses and coaches¹².
18. Most large bus operators already have their own zero emission targets in place meaning that, with the right Government support, from 2025 over two thirds of all new bus purchases in England will be zero emission.
19. While we have made great strides in greening the bus fleet, a stop/start approach to funding has held back manufacturers' production plans and operators' purchasing decisions.
20. The transition to a zero emission fleet is an opportunity for Britain to lead the world in manufacturing, operating and engineering a zero emission bus network.
21. Government investment leverages private sector investment; the Government's recent ZEBRA funding scheme, for example, attracted around £1.20 of private investment for every £1 of central Government investment.

¹¹ <https://www.cpt-uk.org/media/005kczge/greener-journeys-maximising-the-benefits-of-local-bus-services.pdf>

¹² Transport and environment statistics 2022 - GOV.UK (www.gov.uk)



22. To ensure that operators can support the delivery of the Government's targets for transitioning to zero emission buses, future funding for zero emission buses and infrastructure should be long term and predictable and transition away from bidding rounds to give certainty to operators.
23. We urge the Government to announce **a five year £1billion investment programme to leverage more private sector investment in new vehicles and put us on track to a zero emission fleet by the middle of the next decade.**

Introduction – Coaches

24. Coaches connect thousands of places which cannot be served by any other form of public transport and take 6 million people¹³ on 500 million journeys each year¹⁴ driving the economic, environmental and social benefits including:

- great value inter-city travel, with over 20 million journeys on the scheduled coach network in 2022 and rapid growth since;¹⁵
- getting 600,000 children to school every day;¹⁶
- adding £14 billion to the UK's tourist industry through trips to leisure attractions, towns and cities;¹⁷
- offering door-to-door travel to tens of thousands of passengers who would otherwise struggle to enjoy days out and short breaks; and
- stepping in when rail and other transport services are unavailable, often with little or no notice.

25. The coach sector directly employs some 42,000 people, mostly in family or individually owned businesses which account for 80% of the nation's stock of coach businesses.¹⁸

26. The future of the sector's huge contribution to British life depends on maintaining easy and fair access to all the places passengers want to get to and a fair deal for the sector when it is called on to deliver wider policy aims.

Fair Access to Clean Air Zones and Upgrading of Engines

27. Carbon emissions of modern coaches are six times lower per passenger than private car travel, yet coaches are always the first mode of transport to be charged to operate in a Clean Air Zone, and operators seeking support to upgrade their engines to modern standards face a postcode lottery of local funding schemes.

28. A better approach would be to recognise the air pollution benefits that coach travel can bring and maximise the role of coaches. The Government should **create a new class of Clean Air Zone which enables councils to charge**

¹³ YouGov research for CPT, 2020

¹⁴ CPT analysis of DfT statistics and National Travel Survey data

¹⁵ Press statements from Flixbus, Megabus, Mobico

¹⁶ CPT research 2020

¹⁷ CPT research 2020

¹⁸ CPT research 2020



vehicles with a heavier pollution footprint while exempting coaches. It should also establish a national fund to support operators with upgrading their engines – the estimated cost of £75m to update 5,000 coaches will be reduced still further if councils are enabled to exempt coaches from charges.

Transition to Zero Emission Coach Travel

29. Coach is already the greenest way of travelling across the country with lower greenhouse gas emissions per passenger than any other mode, including electric cars.¹⁹ The industry would like to go further though, and has started the long journey to a zero emission fleet.

30. As the work of CPT's Zero Emission Coach Taskforce has shown there are significant barriers which need to be addressed before substantial change can be achieved.

31. The next government should therefore **publish a net zero strategy for coaches, including key dates and measures.** This strategy should include:

- Government investment in zero emission refuelling and recharging infrastructure suitable for coaches across the Strategic Road Network;
- Government investment in research and development to develop vehicles with longer ranges, including as part of the UK's Hydrogen Strategy and Industrial Strategy; and
- An interim fuel duty incentive for low carbon fuels so that coach operators can run the cleanest fleet possible while waiting for zero emission operations to become viable – at a total cost of £14m over the next Parliament; this incentive would save up to 7m tonnes of carbon dioxide emissions from the tailpipe – even more if well to wheel emissions are considered.

Summary and conclusion:

As we have outlined above, buses and coaches are vital to local economies, for social inclusion, access to work, education, healthcare, and social & leisure opportunities; they are also an effective and fair way of working towards net zero targets. We would like to see Government recognising, through the Budget Statement, the important role of buses and coaches in the following ways:

- 1. Announcing a longer, five year funding settlement for buses, giving certainty and encouraging private sector investment in new vehicles and more services;**
- 2. Ensuring that LTAs are adequately resourced to reimburse against the new ENCTS calculator;**
- 3. Setting and monitoring a target for all local transport authorities to increase bus speeds by 10% over the lifetime of the next Parliament; and ensuring that all areas of the country have access to capital funding to deliver bus priority measures;**

¹⁹ Department for Transport, *Transport and Environment Statistics 2023*



- 4. Immediately engaging with the sector on an exit strategy for the £2 Fare Cap;**
 - 5. Announcing a long term Government/industry partnership to drive the transition to zero emission bus travel, leveraging private sector investment and enabling a transition to a zero emission bus fleet by 2035;**
 - 6. Establishing a national fund to support operators affected by Clean Air Zones with upgrading their engines – the estimated cost of £75m to update 5,000 coaches will be reduced still further if councils are enabled to exempt coaches from charges;**
 - 7. Publishing a net zero strategy for coaches, including key dates and measures and covering**
 - i. Investing in zero emission refuelling and recharging infrastructure suitable for coaches across the Strategic Road Network;**
 - ii. Investing in research and development to develop vehicles with longer ranges, including as part of the UK's Hydrogen Strategy and Industrial Strategy; and**
 - iii. Announcing an interim fuel duty incentive for low carbon fuels so that coach operators can run the cleanest fleet possible while waiting for zero emission operation to become viable.**
32. We look forward to working closely with Government to make the above a reality and to ensure that the country's most affordable, accessible and popular form of public transport continues to deliver against the Government's ambitions to level up our communities, grow our economy and reach net zero, whilst at the same time getting people to work, school, shops, health appointments and social & leisure activities.
33. We would of course be happy to meet with officials to discuss or expand on any aspect of our submission.

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