

**TRANSPORT SELECT COMMITTEE
CALL FOR EVIDENCE
NATIONAL BUS STRATEGY: ONE YEAR ON**

Date of Issue: March 2022

Executive Summary:

CPT welcomed the publication of the National Bus Strategy in March 2021 and its recognition of the important role that buses play in their local communities and in meeting the nation's net zero carbon goals, improving air quality and levelling up.

The year that followed publication continued to be affected by the Covid-19 pandemic, with implications for the progress of delivery of the Strategy's ambitions. The Government continued to provide valuable support to ensure that buses could be there when passengers needed them despite the impact of Covid-19 on passenger numbers and fare revenue.

It is important that Government does not waste this investment and continues to work with us to deliver even better bus networks that provide everyone, no matter where they live, with opportunities to access work, school, essential services and leisure activities in a way which helps to meet the country's environmental targets.

The quality and ambition of Bus Service Improvement Plans (BSIPs) shows that, with the right support from Government, Local Transport Authorities (LTAs) and operators working together can deliver the National Bus Strategy goals. In particular we urge the Government to:

1. Loudly promote bus travel, reassuring people that it is safe and encouraging people to 'give bus a go'. This is needed to counter the negative Government messaging around public transport that we saw during the pandemic and could be further supported by a Government-funded national marketing campaign – which we think could be delivered for c.£10-12m - which supports activity by bus operators at the local level
2. Commit now to further funding for BSIPs to ensure that all passengers, regardless of where they live in the country, have the opportunity to benefit from improved bus services
3. Encourage LTAs to continue to pay English National Concessionary Travel Scheme (ENCTS) reimbursement at pre-pandemic levels beyond April 2022, to support local services while operators and LTAs work together to plan future networks and encourage people back to bus, and review the reimbursement rates for ENCTS to take account of the impact of Covid-19 on concessionary fare travel patterns so that operators are adequately reimbursed and sufficiently supported to keep bus services that are heavily relied upon by concessionary travellers running
4. Commit to supporting the industry's work to roll out simpler, smarter ticketing (multi-operator, price-capped) across the country by funding the infrastructure required. This would cost c.£45m to deliver both the back office infrastructure that could be used anywhere by any operator and to ensure that all buses have the necessary card readers

5. Commit to further funding for zero emission buses and a quicker, more streamlined approach to allocating this funding

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.

This submission seeks to address each of the Committee's topics in turn. We would welcome the opportunity to support the material provided here with oral evidence to the Committee.

A) Challenges facing the [bus] sector as it recovers from the pandemic and the effectiveness of steps taken by both Government and stakeholders in response

The industry welcomes the funding provided by Government throughout the pandemic which has helped to keep buses running for those that need them at a time when passenger demand has been suppressed. This funding has provided good value for taxpayer money, keeping around 90% of services running at around a seventh of the cost per passenger of rail support¹ throughout the period.

The recent extension to the Bus Recovery Grant for six months (April 2022 – September 2022) is also welcome and provides some certainty to passengers and the industry while bus operators work with local authorities to plan future networks and encourage people back to bus travel. The extension to the BRG does not fully address the shortfall in fare revenue at current service levels (c.90% of pre-pandemic levels) and patronage (c.80% of pre-pandemic levels). It is therefore essential that government and industry work together to maximise the benefits that this funding can deliver by growing passenger numbers and planning future bus networks that ensure bus services reflect where passengers want to go, and when, in 2022.

The industry is working hard to encourage people back onto buses through initiatives such as flexible ticketing and targeted fare offers (examples provided under (c)). We need Government to support this in two ways:

- (i) Pro-bus messaging from Government which encourages people to give bus a go and showcases Ministers choosing to use the bus as their preferred travel option. This needs to counter the negative Government messaging around public transport that we saw during the pandemic.

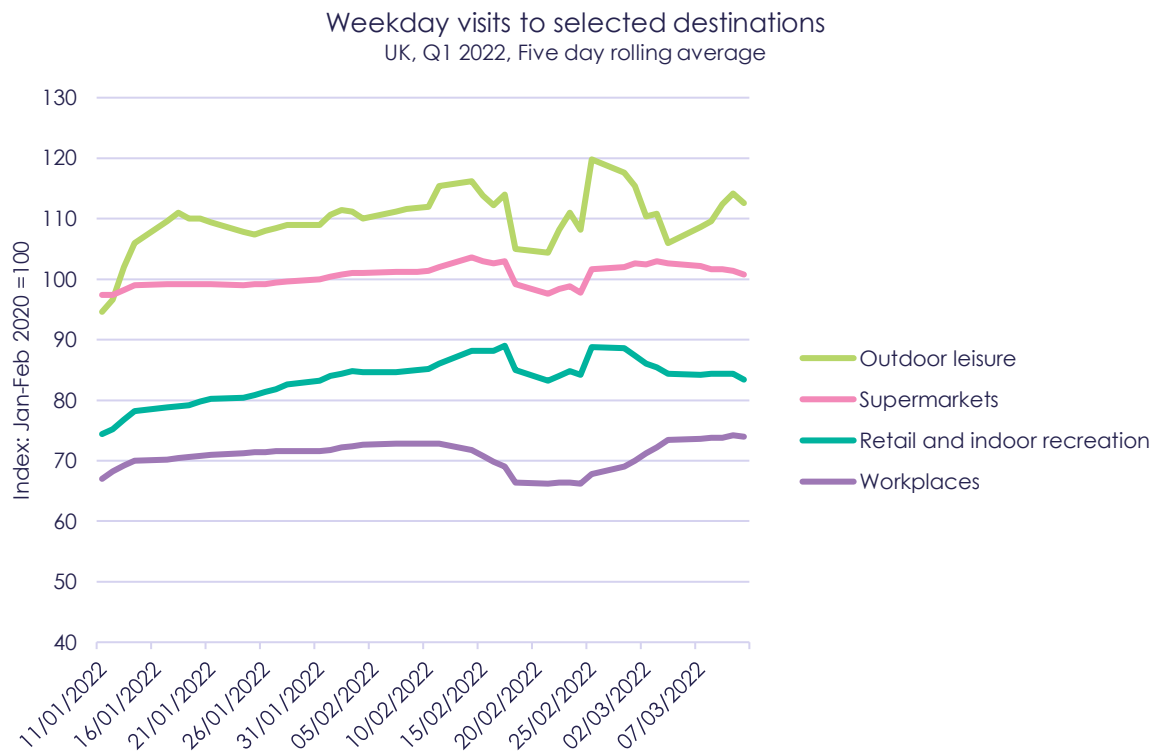
¹ <https://www.nao.org.uk/covid-19/cost-tracker/>

- (ii) Provision of funding for a national marketing campaign which supports activity by bus operators at the local level. We think this could be delivered for c.£10-12m.

This activity is essential if we are to avoid a car-led recovery from the pandemic which will put the country's net zero targets, bus strategy and levelling up agenda in jeopardy, and it is the best way to protect the future of bus services.

Nonetheless, future bus networks will need to reflect new travel patterns and changes in longer term passenger demand. Figure 1 shows how travel to certain locations continues to be well below pre-pandemic levels. In particular, visits to retail and indoor recreation are almost 20% below their pre-pandemic level and workplace visits around 25% lower. These trends vary widely between different areas with metropolitan centres often showing the highest decreases; in Birmingham, for example, the reduction in workplace visits is currently at around 35%.

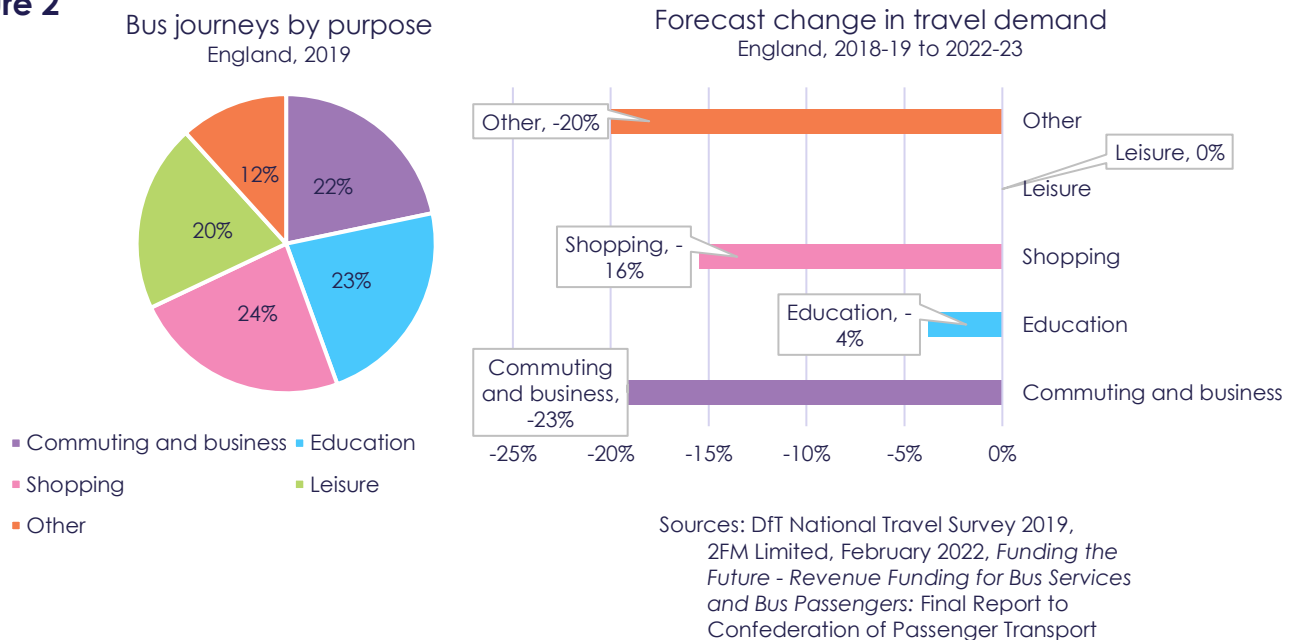
Figure 1



Source: CPT analysis of Google Covid-19 Community Mobility Reports

Figure 2 shows the principal purposes for bus journeys and the forecast change in demand to travel for these purposes next year. Overall, these changes could lead to a continued 12% reduction in bus journeys next year if there is no activity which prompts a change to people's mode of travel.

Figure 2



Nonetheless, there is potential for growth in leisure travel which has already recovered to pre-pandemic levels, and opportunities for growth in services to local high streets if working patterns suppress metropolitan commuting. Bus operators are ready to work with local authorities to plan relevant bus networks that go where passengers want them to go and when.

Based on a scenario in which there are initiatives to promote ambitious passenger growth (including benefits from delivery of quick implementation of some BSIP measures) we estimate that commercial demand (expressed as farepaying revenue as a percentage of the corresponding period pre-pandemic) could be around 86% in the first half of 2022/23 and c. 93% in the second half of 2022/23.

This 7% reduction in revenue combined with 12% cost inflation since pre-pandemic leaves roughly a 20% gap in the network at the end of the funding extension period (before any profit above cost of capital is made by operators). In that environment the industry's objective is to manage networks towards a 'new normal' in such a way that operators and LTAs, working through emerging Enhanced Partnerships (EPs), are able jointly to agree a network which as far as possible and within the funding available meets local passenger needs and which enables operators to earn a profit sufficient to re-invest in vehicles and services, leading to continuous improvement of the customer offer. Operators want to ensure that any changes in services are managed in a planned, phased way which does not undermine passenger confidence and facilitates subsequent rebuilding and growth through BSIPs. Nonetheless, rebuilding the network through BSIP measures from this lower base will doubtlessly be a challenge and it would be easier to achieve the Government's longer term ambitions for buses, net zero carbon and levelling up if the 'new normal' was higher. This could be achieved through a mixture of:

- action by LTAs to keep ENCTS payments detached from demand (which could add c.8% to the network) – the situation with concessionary fare reimbursement (ENCTS) is covered in more detail under (d)

- early application of BSIP measures to stimulate demand beyond that predicted under the scenario described above
- further funding from central Government – although the Government has explicitly said that this will be the final tranche of 'recovery' funding for the sector

b) Progress against the ambitions and targets set out in national bus strategy including the effectiveness, pace and priority of the strategy's implementation

There has been good partnership working between LTAs and bus operators across the country to produce ambitious BSIPs. Collectively, those plans target passenger growth of over 5% from pre-pandemic levels (not forgetting that we are down by around 20% at present) by 2025².

This process has demonstrated how effective partnership working can be and we are pleased at the number of LTAs who have recognised the benefits that partnership working can bring to improve bus services for passengers more quickly, efficiently and economically than through franchising.

Our analysis shows that over £10bn would be required to deliver all BSIP measures across the country. This is set against £1.2bn allocated by Government in the last Spending Review to deliver them. (See (d) for more detailed breakdown of Government funding).

The Government has therefore got some hard choices to make with regards to how it spends the available funding. It is crucial that Government commits now to future rounds of bus funding to deliver the aspirations in more BSIPs across the country, ensuring that all passengers, regardless of where they live, can benefit from better bus services. We know, for example, that people value quick, reliable bus journeys. Such improvements cannot be delivered by operators alone; they require measures put in place by LTAs that put the bus first on the road network to keep them free from congestion.

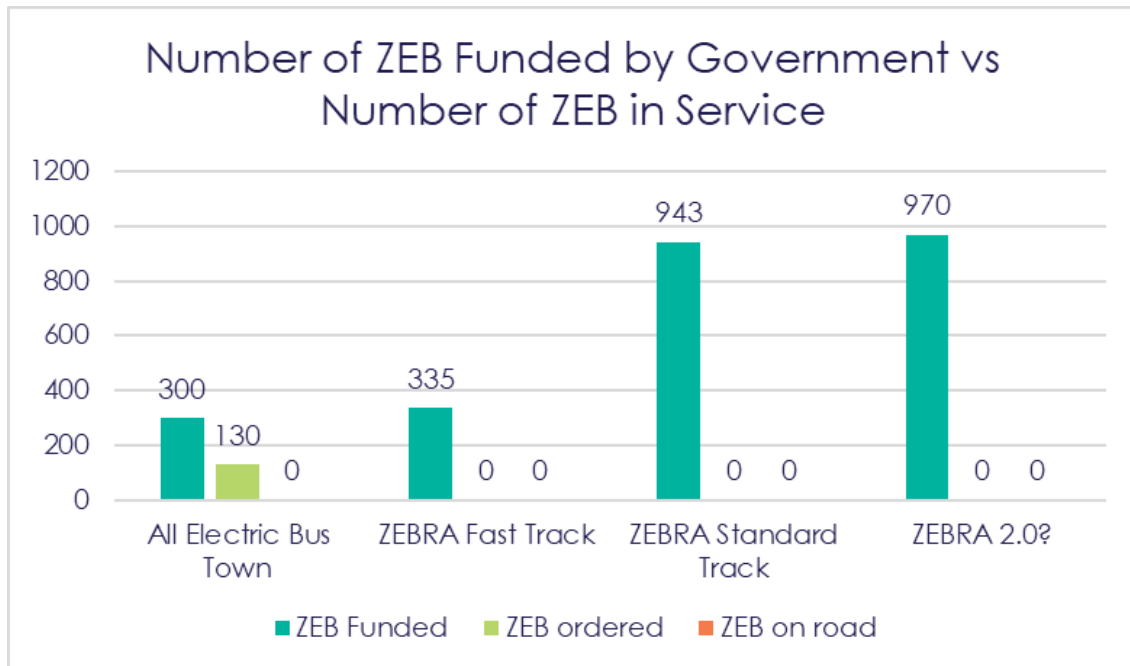
Whilst we think it is right that using the majority of this funding to secure transformational improvements in a small number of places is the right approach, we think it is important that Government finds a way of securing at least some improvement in bus services for all passengers in England. One way it could do this is to fund the infrastructure required to enable everyone to access simpler, smarter ticketing, and the ability to travel knowing that they will be charged the best value fare automatically. This would cost c.£45m to deliver both the back office infrastructure that could be used anywhere by any operator and to ensure that all buses have the necessary card readers.

The National Bus Strategy also reiterated the Government's commitment to support the purchase of 'at least 4,000 zero emission buses'.

² Based on the targets set out in BSIPs for the 10 largest LTAs in England which collectively account for the majority of bus journeys in England

We believe that funding for just over 2,500 buses has been set aside by Government since the announcement of the 4,000 ambition in February 2020. Of these, only 130 have been ordered and none are yet on the roads.

Figure 3



When the ZEBRA scheme was launched in March 2021 it was backed by £120m of funding (£70m for a fast track process and £50m for standard track applications). The Autumn spending review confirmed an additional £355m of funding over the next three years, of which £150m was added to the existing ZEBRA funding (making the new total for ZEBRA funding £270m).

£71m has now been allocated to fast-track bids under the ZEBRA process which is estimated to fund 335 electric buses and £198.3m has been allocated under the standard track process to fund 943 buses.

A funding mechanism for the remaining £205m (the remainder of the £355m announced in the Autumn) is yet to be announced. We believe it could deliver c.970 electric buses.

In addition to the ZEBRA scheme, £50m was made available in 2020 for an all-electric bus town. This has been awarded to Coventry and is expected to fund 300 electric buses, of which 130 are on order.

This gives us a total of funding for 2,548 zero emission buses since the original announcement in 2020 of the Government's ambition to deliver 4,000. Only 130 of these have been ordered and none are yet on the roads.

The whole process from applying for ZEBRA funding through to the new buses being in service on our roads is expected to take between 2-3 years. Winners of the fast-track scheme were announced 7 months after the scheme was first announced, and winners of the standard track were announced in March, a full year from the

announcement. Once the winners of the scheme have received funding, it is expected to take an additional year, maybe more, for these vehicles to be ordered, built and operating on our roads. There may be further delays in getting the associated charging infrastructure in place.

We think there are improvements that could be made to the process for funding zero emission buses in the future which are discussed under (e).

c) Innovation in the sector, including examples of new methods that have been trialled successfully

The bus sector has seen huge amounts of innovation over the last few years, for example:

- Real Time Information on board and at bus stops
- Wifi and USB charging on board
- Audio Visual announcements on board and at stops
- Contactless ticketing
- Apps providing Real Time Information, how busy the bus is, ability to purchase tickets, etc
- Zero Emission vehicles
- Demand Responsive Transport

The challenge now is to ensure the spread of this innovation country-wide, so all passengers can benefit. That will depend upon a stable funding framework and close partnership working between operators and local transport authorities so that incentives are aligned.

More detailed information on some of the innovations seen recently in the transport sector are provided below.

Ticketing

The bus industry set out a commitment to deliver contactless, multi-operator, price-capped daily and weekly tickets in major urban areas by 2022 in its bus strategy *Moving Forward Together* in September 2019. Bus operators have been working together on Project Coral to deliver this commitment and make public transport ticketing simpler and more accessible, helping customers to ensure they get the best fare available for their journeys.

Contactless ticketing is now available on over 90% of buses and over 120 million journeys were paid for in 2019 using contactless or mobile ticketing. Price-capped ticketing is already offered in a number of towns and cities across the UK, including Aberdeen, Brighton, Crawley, Doncaster, Edinburgh, Leicester, Potteries and the West Midlands. This provides the platform to extend these tickets for multi-operator and subsequently multi-modal use.

Despite the pandemic, the industry has continued to work together on Project Coral. Pilot contactless multi-operator schemes are due to be rolled out in Leicester and Bournemouth in March 2022. The industry now needs Government support in the region of £20m to develop the technology to enable all operators to take part in a contactless multi-operator scheme regardless of the hardware that they use. An

additional c£25m would ensure that the necessary technology is available on all buses.

Operators have also been developing new ticketing offers that reflect changing travel patterns such as flexible carnet tickets - for example 'bundles' of day tickets with no expiry date so passengers can use them as slowly as they wish but still benefit from a discounted price - and some fares simplification to make it easier for passengers to understand what they will be charged.

There are also a number of fare offers in place to encourage people back to bus. For example:

- Oxford Bus Company are running a promotion in partnership with Oxford University throughout April of £1 return on Park and Ride for all staff
- National Express in the West Midlands reduced fares in summer 2021 to encourage passengers back on board and has introduced weekly and 3-day price capping
- Transdev in the North of England introduced a £1 flat single fare after 7pm last summer to stimulate leisure travel at a time when buses had spare capacity and towns and cities were trying to rebuild their hospitality sectors. In February 2022 customers travelling after 7pm were 4% higher than in February 2020 set against a typical 15-20% passenger decline across other markets/journeys
- In January and February this year Transdev ran their four route Harrogate town network free of charge every Sunday with sponsorship from the local business association. This led to a 78% customer increase at a traditionally quieter time of year, contributing a boost to the retail economy
- Working together under the Transport for Cornwall (TfC) partnership, bus companies in the area will introduce from this Spring: multi-operator tickets; Day Town Zone tickets at £3 for adults and £1.50 for under 19 year olds; all under 19 year olds can travel for half the price of an adult fare

Data

Data enables improved journey planning for passengers and live running and accurate predictions are a key part of making bus a safe travel option for vulnerable people. Driven by the pandemic and social distancing requirements, live passenger occupancy data has been increasingly made available both to passengers to inform travel decisions around 'busy buses' but also to support decisions around provision of additional buses and focusing resource to meet returning growth across networks.

Decarbonisation

As well as the battery electric zero emission buses being rolled out across the country, there are trials of hydrogen buses being taken forward, for example in Birmingham, where 20 buses are already operating, on Fastway services around Crawley/Gatwick where 20 hydrogen buses will enter service in June and trials planned for the Tees Valley and Liverpool. Whilst not in scope of the Bus Strategy for England, First Group, in partnership with the City Council, has rolled out 15 double deck hydrogen buses in Aberdeen, with a further 10 buses on order.

In November 2021 Stagecoach and SSE announced plans for a joint pilot community electric vehicle charging hub in Scotland (precise location TBD). Buses are normally out on the road during a core period from around 7am to 7pm and are then charged overnight. This means the charging infrastructure is potentially free and available during the day for other electric vehicles to be charged from.

Energy Superhub Oxford will be the world's first transmission-connected electric vehicle (EV) network. This means it will connect directly to National Grid's extra-high voltage system and bypass the local distribution network. The cable route will connect Redbridge Park & Ride to the transmission grid at Cowley substation. This will enable Oxford Bus Company to access a high voltage supply at the depot without having to use and pay for all of the power on day one. The bus company can increase the level of energy it receives as it buys batches of electric buses without having to disrupt operations by digging up the depot every time. The Redbridge hub will also support the Council Fleet when it moves to Redbridge at some point in the next few years.

Demand Responsive Transport

Demand Responsive Transport schemes have been brought forward as a way to ensure passengers can get where they need to and when in areas where it is difficult to deliver regular scheduled services. Examples include CallConnect in Lincolnshire, Tees Flex in the Tees Valley and Ting in rural Cambridgeshire.

d) Bus funding over the short and long term

Short term / one-off funding streams

We have discussed network support funding and funding for BSIPs in (a) and (b) above.

To summarise funding allocated to the sector since the announcement of £3bn for buses (of a total of £5bn for bus and cycling) in February 2020:

- £525m for Zero emission buses made up of:
 - o £50m for an all-electric bus town (Coventry)
 - o £120m announced with launch of ZEBRA scheme in March 2021
 - o A further £355m announced in October 2021

The mechanism for spending £205m of this is still to be announced.

- £1.2bn for Bus Service Improvement Plans (BSIPs)
- c.£0.6bn that could be spent on bus within the City Region Sustainable Transport Settlements

Whilst this is a welcome start, it is clear that more funding is needed to deliver the transformational change envisaged by the National Bus Strategy, including the delivery of 4,000 zero emission buses.

Ongoing funding streams

Table 1 shows how ongoing revenue expenditure on bus services has changed over the past decade. By 2020/21, public expenditure on bus services was over £500m per year less than in 2010/11. Bringing it back to 2010/11 levels would therefore require well above the £400m per year allocated so far to support BSIPs.

Table 1: Government revenue expenditure on bus services

England outside London, £m 2020/21 prices

	Tendered services ¹	Concessionary travel	BSOG	Total
2010/11	463	1,016	391	1,870
2011/12	433	967	393	1,793
2012/13	400	956	312	1,667
2013/14	377	953	304	1,634
2014/15	359	916	294	1,568
2015/16	323	935	294	1,552
2016/17	300	886	285	1,471
2017/18	275	866	278	1,418
2018/19	287	829	270	1,385
2019/20	279	812	262	1,353
2020/21	279	812	218	1,309

1. Net expenditure, after fare receipts

Estimated figures

Source: DfT bus statistics 0501b

The National Bus Strategy made it clear that Government would be reviewing and consulting on both the Bus Service Operators Grant (BSOG) and concessionary fare reimbursement (ENCTS) during 2022.

(i) Bus Service Operators Grant (BSOG)

As noted by the Transport Committee in its report on the health of the bus market in May 2019, BSOG keeps fares lower, service levels and patronage higher and enables operators to maintain services that might not otherwise be profitable. Cuts to the overall levels of BSOG and sudden shocks to the system would threaten service stability in a fragile market. Research pre-Covid suggested that halving BSOG would result in the loss of over 2,000 jobs, a loss of output of over 20%, an annual reduction in net benefit of £91.3bn and a 10% loss in economic welfare.³ It is therefore important – particularly given the impact of the pandemic on bus operators - to avoid making sudden, radical changes to BSOG, and to ensure that any future reform is phased, recognising the devastating impact that a sudden loss of funding could have on an already fragile bus market.

³ Johnson, D. Mackie, P. and Shires, J. at the University of Leeds, Institute for Transport (July 2014) Buses and the Economy II

Nonetheless, we recognise BSOG needs to change in the future, and we have developed a set of principles against which any future model for BSOG should be tested.

It should:

- Be fair and transparent
- Be simple to both understand and administer
- Have low administration costs (ideally should be cheaper than the current system)
- Provide certainty to operators so that they can make informed investment decisions
- Be phased in, recognising that operators have made long-term investment decisions on the basis of the current BSOG arrangements and rapid implementation of a new model will have a devastating impact on an already fragile bus market
- Be rigorously tested prior to implementation to ensure that the impacts on bus services across the country are well understood
- Support the maintenance of routes and growth in passenger numbers
- Support operators to deliver a world-class bus service for passengers

CPT would like to work with Government to develop a new bus funding regime that is fit for the future and that recognises both the constraints that bus operators currently face and the transition period required.

Within this framework we have worked with consultants to consider a number of options for reform of BSOG which we look forward to discussing with DfT in due course. To summarise, the report concluded that, of the options considered (abolition; payments based on passenger numbers; payments based on service levels/kms) the introduction of a supply-based payment ("pay per kilometre") would carry the least risk of destabilisation. It would be relatively simple to administer, verifiable and auditable and no more complex than the existing duty-based system, and would deliver the Government's aim of removing the link between fuel consumption and subsidy. It is important to stress, however, that there would clearly be both 'winners' and 'losers' in a move to such a scheme – in particular there are concerns about a shift of resources away from intensive urban areas - and the implications of this would need to be carefully considered. If such a change in approach was adopted we would urge government to provide uplifts to operators who might be particularly hard hit. Government might also choose to provide supplements to support other areas and/or policy priorities. As discussed under other questions, we would support a continuation of a BSOG uplift for zero emission vehicles to help make the business case for such investment.

(ii) English National Concessionary Travel Scheme (ENCTS)

Older adults who own concessionary passes are likely to report better quality of life and fewer depressive symptoms than peers who do not have the benefit of free bus travel. It found that older adults with bus passes were also more physically active and less socially isolated than counterparts without bus passes. Maintaining wellbeing is likely to help people stay physically active in later life, thus reducing the financial costs associated with an ageing population. A study for Greener Journeys found that every £1 spent on the concessionary fares scheme generates at least

£2.87 in benefits. Half of these benefits accrue directly and immediately to concessionary travellers themselves, around 20% to other passengers and other road users from transport network improvements, and the rest to the wider community through economic and social impacts and improvements in health and wellbeing.⁴ Furthermore, with those aged 60 years or over being the most likely to own a car,⁵ encouraging modal shift from car to bus in this age group is important for delivering the Government's environmental targets.

However, concessionary fares are currently underfunded – the LGA estimate by £700m⁶ – which puts services at risk. We would like to see this addressed in the review of the ENCTS.

During the pandemic Government has encouraged Travel Concessionary Authorities (TCAs) to continue to reimburse operators for concessionary travel at pre-Covid rates in order to support them in delivering at or close to full pre-Covid mileage despite suppressed passenger (in particular concessionary passenger) demand. This has been a welcome and incredibly important source of income for operators. Last year the Government set out a strategy to allow TCAs to return from paying out concessionary payments at pre-Covid levels back to issuing payments that meet with actual patronage levels during the financial year 2022/23. We understand the need to return to payments which reflect actual passenger levels as we exit the pandemic and seek to return to 'business as usual'. Nonetheless concessionary travel is still considerably suppressed – even more so than farepaying passengers – and, combined with the tight financial environment that the sector finds itself in over the next few months, tapering down to actuals from April is likely to leave a number of services that are traditionally reliant upon concessionary passengers at real risk. The Department for Transport has explained to TCAs that they have the option of continuing to pay ENCTS at pre-pandemic levels beyond March 2022 and we would urge TCAs to seriously consider this, following discussions with local operators.

There is also a real and urgent need to take a fresh look at the reimbursement rates for concessionary fares provided to operators. Government guidance and calculators for this consider the number of passenger journeys that would have been paid for in the absence of the scheme. Pre-pandemic, a number of journeys were deemed to have been 'generated' by the existence of a free travel pass, i.e. the journey would not have been made in the absence of the pass. This was factored into the level of reimbursement provided to an operator for 'fares lost'. Historically, bus operators would have received in the region of 38-45% of fare revenue lost through concessionary reimbursement – i.e. for every 100 concessionary passengers using the bus, the operator would receive the equivalent fare for around 40, thus there was an assumption that around 60 of those passengers chose to travel by bus as a result of having a free bus pass and would not have otherwise travelled.

The considerable lag in return of concessionary passengers compared to fare paying passengers suggests that a much lower proportion of discretionary, or

⁴ Analysis by KPMG for Greener Journeys (2014) The costs and benefits of concessionary bus travel for older and disabled people in Britain.

⁵ Statista Survey (2017) <https://www.statista.com/statistics/682596/consumers-who-own-a-motor-vehicle-in-the-united-kingdom-uk-by-age/>

⁶ <https://www.local.gov.uk/lga-responds-bus-and-cycling-funding-announcement>

'generated', journeys are being made by this cohort now. This assertion is supported by research in Birmingham which found that the majority of concessionary passengers which have come back to bus (currently at around 60% of pre-pandemic levels) are travelling in a very similar way to before the pandemic, providing good evidence that they are passengers who take the bus as part of their everyday life, maybe do not have an alternative option and therefore would very likely be fare paying passengers in the absence of a free pass. The current and persistent decrease in 'generated' journeys needs to be reflected in the reimbursement guidance and calculator to ensure that operators are not disadvantaged by the scheme, which would put services (often rural routes) which are heavily reliant on concessionary travellers, and thus this funding, at significant risk.

e) Decarbonisation of the sector and modal shift from other forms of transport

Getting people out of their cars and onto the bus would have a dramatic impact on carbon emissions and air quality. If everyone took one more bus journey a month we would reduce the UK's carbon dioxide emissions by 2 million tonnes a year.⁷ A car-led recovery from Covid-19 would seriously undermine efforts for the UK to be carbon neutral by 2050. Reducing car use would also reduce nitrogen oxide emissions and improve air quality - the Centre for Research and Clean Air has calculated that, during April 2020, the drastic reduction in private car usage led to a reduction in deaths of around 1,700 as a result of improved air quality.

Nonetheless the focus of much Government and media activity around decarbonisation of transport to date has been on the move towards zero emission vehicles rather than how we reduce the number of vehicles on the roads through a reduction in private car use. We believe that a strategy which focuses first and foremost on the latter will enable a quicker and fairer journey to net zero which will also support the Government's levelling up agenda. We have commissioned research to demonstrate this and to work with a wide range of stakeholders to develop policy proposals which can help to deliver a shift in journeys from car to bus. We would welcome the opportunity to share the outcomes of this research with the Committee in due course.

We also welcome the Transport Select Committee's conclusions following its inquiry into zero emission vehicles and road pricing that the Government needs to look at a national road pricing scheme and that Government should incentivise people to use public transport, walk or cycle. These conclusions are supported by research carried out on behalf of CPT⁸ which examined three scenarios:

- a) Bus speeds are increased by 1% a year between 2024 and 2030 through widespread implementation of the bus priority measures included in BSIPs

⁷ Greener Journeys (2013) greenerjourneys.com/blog/help-us-take-one-billion-car-journeys-off-the-road/

⁸ 2FM Limited (February 2022) *Funding the Future: Revenue Funding for Bus Services and Bus Passengers* Final Report to Confederation of Passenger Transport

- b) There is a change in motoring taxation (or other similar measures) which increases the relative cost of driving by CPI+5% per annum between 2024 and 2030
- c) (a) and (b) are implemented together

The modelling suggests that:

- Improving bus speeds by 1% a year between 2024 and 2030 would grow passenger numbers by just over 2% and reduce operating costs by c.5.5%
- Increasing motoring costs by CPI+5% per annum between 2024 and 2030 would increase patronage levels by c.17% - the equivalent of a 0.5% reduction in car traffic
- Combined action would increase passenger numbers by over 18% by 2030 against the 'do nothing' case, whilst operating costs would fall by c.5.5%

This demonstrates that, whilst it is important to improve the bus 'offer', and bus priority measures are vital to that in order to speed up journeys, improve reliability and reduce operating costs which can be reinvested in improvements to services, in order to see a real step change in how people travel we need to combine these actions with measures which increase the cost of car travel to more accurately reflect its overall impact on the environment, air quality and congestion.

Nonetheless the bus industry recognises that the future of urban road transport lies with zero emission vehicles. Many operators have worked with LTAs on bids for funding through the Zero Emission Bus Regional Areas (ZEBRA) Fund.

Progress with the rollout of zero emission vehicles since the announcement of Government's ambition to fund 4000 more zero emission vehicles is set out above under (b).

Whilst the funding provided through ZEBRA has been welcome, we do have some suggestions around how future funding for zero emission buses, which we sincerely hope will be forthcoming, could be improved:

- Streamline the approach - The process for the ZEBRA scheme has been complex and time consuming and can also be off-putting, particularly for small LTAs and smaller bus operators
- Allow operators to bid for funding as well as LTAs (as in the ScotZEB scheme)
- Improve speed and certainty – stop-start procurement cycles limit the ability of manufacturers to scale up production sustainably
- Enable bus operators and LTAs to use funding to fund and install infrastructure beyond that required for the number of new ZEBs introduced as part of that grant allocation, to future-proof the rollout of ZEBs in a particular locality (as in the ScotZEB scheme)
- Ensure financial support is sufficient to incentivise investment. On its own, the current model of Government providing 75% cost difference falls short of what is required to underpin volume rollout on its own. That is why the BSOG green incentive (22p per km) announced in the Transport Decarbonisation Plan is very welcome and should be a long-term commitment from Government
- Improve visibility over future funding to enable operators and LTAs to plan

A zero emission bus option with sufficient range is not yet available for all duty cycles and the Government should continue to support the development of new longer range zero emission vehicles through the Faraday Institute and Advanced Propulsion Centre to ensure there is a full range of zero emission buses available.

Zero emission buses cannot deliver increased passenger numbers and net zero emissions by themselves. They need the journey time improvements brought about by bus priority measures to deliver an attractive travel option for passengers along operational cost savings which can be reinvested in improving services even further. It is vital that Government introduces policies, including a pro-public transport message, which gives people the confidence to travel by bus and will help maximise the investment in green buses. This must include ensuring that bus, alongside other active travel measures, has priority within our transport networks to help provide more reliable journey times.

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