

Transport Committee

Oral evidence: [National Bus Strategy: one year on](#),
HC 161

Wednesday 29 June 2022

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[Watch the meeting](#)

Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Ruth Cadbury; Simon Jupp; Robert Langan; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands.

Questions 313–478

Witnesses

[I](#): Baroness Vere of Norbiton, Parliamentary Under-Secretary of State for Roads, Buses and Places, Department for Transport; and Stephen Fidler, Co-Director for Local Transport, Department for Transport.

Written evidence from witnesses:

- [Department for Transport](#)

Examination of witnesses

Witnesses: Baroness Vere of Norbiton and Stephen Fidler.

Q313 **Chair:** This is the Transport Select Committee's final evidence session in our inquiry on the bus strategy one year on. Could I ask the witnesses to introduce themselves for the record, please?

Baroness Vere of Norbiton: I am Baroness Vere of Norbiton, the Minister for Roads, Buses and Places.

Stephen Fidler: I am Stephen Fidler, one of the directors for local transport at DFT.

Q314 **Chair:** Good morning to you both. Thank you very much for being with us again. By way of opening, Baroness Vere, are you satisfied with the progress that is being made on the bus strategy?

Baroness Vere of Norbiton: Yes, indeed. Thank you very much for inviting me back to speak about buses. It is one of my favourite topics. In terms of whether I am satisfied with the progress, yes, I am. It has been very difficult. Obviously, if we were trying to do a bus strategy to transform the buses of England, you would not start from where we started, but we had to deal with the situation that we were in.

There have been challenges since we published the national bus strategy well over a year ago. I think we have communicated our ambition extremely well to the local authorities. We have worked well with the local authorities themselves. We have seen an awful lot of movement in how local authorities engage with bus operators and with their local communities about the services that they receive.

I accept that there are a number of things that still need to be done, but I think work in progress is very positive. That we actually managed to get every single local transport authority to submit a BSIP and to commit to either an enhanced partnership or franchising is a major step in the way that we take bus services forward in the future. Yes, a year on, I think we are doing well.

Q315 **Chair:** It is an ambitious strategy. It is one that we called for, as a Committee. You touched on certain parts that perhaps need to be furthered. Would you be able to identify parts that have gone particularly well and you are satisfied with, and perhaps where there are development areas still to reach fruition?

Baroness Vere of Norbiton: The bit I am particularly pleased about is the level of ambition that local authorities have shown in drawing up their BSIPs. We had some really outstanding contributions. That gives me great heart for how we are going to get those outstanding local authorities working with the local authorities that we know exist who need support with capacity and capability. They need to be able to see what best practice looks like.



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At the heart of the NBS is the BSIP, and the whole BSIP process did not fall over at an extremely challenging time for local authorities. For me, that is the one big thing. A risk was that local authorities could have chosen not to engage. They did engage, and actually I think we are in a much better place than where we were.

On other things that we still have to do, it was always the case that the national bus strategy would not be finished in a year. It is a multi-year endeavour. Indeed, it sets out a very good framework for the medium term. There are all sorts of smaller things we have committed to that we will be doing. Obviously, those are under way.

Q316 **Chair:** Perhaps you could drill into one part that you think needs to be turbo-boosted, as it were, to deliver this.

Baroness Vere of Norbiton: I do not think there is anything that is particularly worrying me and needs turbo-boosting, per se. Other things have now come up my priority list that I am going to be addressing in the coming months. Absolutely.

The next step on the BSIPs is to get the funding out of the door. That means more engagement with local authorities that were successful in getting funding. The other area I am keen to delve into a bit further is that as, obviously, there are inflationary headwinds at the moment, I am very concerned about making sure that the ZEBRA funding goes through to orders, and those orders are delivered to vehicles on the road. For me, if there are two things that I am going to be focused on, it is delivery, first, of the BSIP funding allocations and, secondly, making sure those buses actually get on the road.

Q317 **Chair:** I will not drill into that because one or two Members have that section for themselves. Perhaps I could ask you to comment on some of the criticisms that we have received during this inquiry about the Department's capacity to be able to deliver to its own deadlines with guidance and with feedback for those who were not successful.

Baroness Vere of Norbiton: Is there a question?

Q318 **Chair:** Sorry, there was a question mark at the end of that; it wasn't apparent.

Baroness Vere of Norbiton: I am probably not entirely sure of the specific criticism, but I am very happy to talk about that.

Q319 **Chair:** I will pick up one. Part of it was, "We can't bid yet, even though we've got a timeline, because we are still waiting for guidance to come to us to tell us how to bid." That was one example. Another was, "We haven't been successful with our bid, but we don't know why. We've received no feedback so we don't know where we failed."

Baroness Vere of Norbiton: Right. Okay. The guidance was made available in May 2021. I believe there was an appropriate amount of time. I think the guidance was very clear as to the sorts of things we



were looking for. We set out eight or nine very clear ambitions and, of course, we said that we would assess BSIPs against all sorts of criteria: strategic fit, engagement, interventions, outcomes and deliverability. That all remains the case.

I think one of the slight misconceptions—perhaps I might have gone back and framed it differently—was that a lot of the areas felt that this was just a bidding process that was one-off and they would do it, put their BSIP away and never look at it again. That was never the case. It is not how it is written in the NBS. It is a plan for the future. If you do not get funding now, there are still lots of things that you can be getting on with. Indeed, we will be providing capacity and capability support for areas that did not get any funding, so that they can take forward interventions that do not need financial support.

In terms of the feedback, there is always a balance, isn't there? Every area has had feedback. We prioritised the areas that were successful in getting their BSIP funding, but every area has had feedback. Some will come back and say, "Well, you didn't tell us in more detail; we wanted more detail." That slightly points to the issue we face. This is all about local areas thinking about what their local priorities are and taking the bold action needed to improve services. We could have been much more prescriptive in our guidance, but that would have been wrong. We could have said, "If there are more than X number of services along a particular road, it must have bus priority." That is not the sort of way we are going to do this.

We are very content to continue to work with all local transport authorities, whether they got BSIP funding or not. I am content that we have reached the right balance in terms of the level of prescription that we have put into the guidance versus the amount of local decision making that still had to go on. That was right to do.

Chair: I will pause it there. I may come back after Grahame Morris has furthered this section before we go through the individual parts. Karl wants to come in as well, but I will hand over to Grahame first.

Q320 Grahame Morris: Good morning, Minister and Mr Fidler. In relation to bid capacity, could you share your thoughts with the Committee? In your opinion, are you confident that local transport authorities have sufficient capacity to bid for the funding properly? Just last week, I had a meeting with my own local authority, who submitted a joint bid with a neighbouring authority. They were successful, as it turned out, but they said how difficult it is, given that they are bidding for shared prosperity, levelling up, city of culture and BSIP, and given all the other pressures they face in relation to inflation, increased fuel costs, wage costs and so on. Durham was in an unusual position whereby it could take £10 million from reserves in order to support the bid process. Some other authorities are not in a position to do that. What is your assessment generally of capacity?



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Baroness Vere of Norbiton: I cannot comment on Durham taking £10 million from reserves, but that seems quite a lot to put a BSIP together.

Q321 **Grahame Morris:** It was for all the competitive bids.

Baroness Vere of Norbiton: That is a different matter. From our perspective, I have probably said to the Committee before that I have concerns around capacity and capability in local authorities, but some of that is down to the prioritisation of transport within local authorities. We know that there are some local authorities who do not bid at all, which means that their local residents lose out.

We are enormously grateful to the areas that bid. For buses in particular, for the 2021-22 financial year, we allocated £23 million to help those local authorities. What we also did over the period was kick off the bus centre of excellence process. The bus centre of excellence is not going to be a building in Milton Keynes where people go and have lessons. It is all about thinking about how you bring together different people such that we have, as I would like there to be, skilled resources in-house, rather than necessarily relying on consultancies, so that they are trained and can take things forward.

Q322 **Grahame Morris:** Minister, you have gone into the next question that I was going to ask. What steps are you and the Department taking to ensure that best practice is shared? You mentioned the bus centre of excellence. Is your advice that local transport authorities should be looking at best practice and at recruiting their own in-house specialist bid team, or should they engage specialist consultants?

Baroness Vere of Norbiton: It is not for me to manage individual local authorities or, indeed, provide them with any advice that is beyond my skillset. What I will say is that the £15 million that we are allocating for the current year to areas that were not successful in getting BSIP funding should provide them with enough funding for an enhanced partnership officer for three years. We hope that there will be an individual in those local authorities who will really love buses, think about them and go and talk to other local authorities so that they can share best practice. It is beginning to work.

Q323 **Grahame Morris:** In relation to the enhanced partnership officers, you mentioned the £15 million that should provide the funding to employ an EP officer. Are you identifying local authorities that perhaps were not successful in the bid process and taking steps to encourage or instruct them to engage or employ an EP officer?

Baroness Vere of Norbiton: Obviously, again, it is up to them how they use the funding in getting the resources that they need. It could be that they already have somebody, and they want to use it for something else. You are right that it is about focusing on those areas that we were not able to support with the current round of funding. Remember that BSIPs are for all time and not just for now, so they need to be updated annually. There will be monitoring and evaluation that needs to go on.



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Those are the things that those officers would grasp with both hands and take forward.

Q324 **Grahame Morris:** You are not in a position to, or you would not, issue instructions or directions.

Baroness Vere of Norbiton: I am not entirely sure that I have the power to do so, but I would not want to anyway.

Grahame Morris: Thank you.

Chair: I am going to hand over to Karl McCartney, and then I am going to come back on this. I think we have until 10 o'clock on this section, so there is plenty of time.

Q325 **Karl McCartney:** Thank you, Chair. Baroness Vere, you might be pleased to know that I am going to ask your colleague, Stephen Fidler, a question, so you can wonder how I might try and get Denby Transport into a question about buses. Mr Fidler, I believe you are a co-director.

Stephen Fidler: I am indeed.

Q326 **Karl McCartney:** In the hierarchy, where does that sit in the tree of the Department? Where are you in the decision-making process? Are you in the top quarter?

Stephen Fidler: Broadly, probably. I report to Emma Ward, who is the director general for roads, places and environment, who in turn reports to the permanent secretary.

Q327 **Karl McCartney:** Thank you very much for that detail. We have heard complaints about lack of capacity in the Department to meet its own deadlines. Is that fair? If so, what have you specifically done to fix that, or have done with your colleagues either above or below you in the tree of hierarchy?

Stephen Fidler: I do not think I recognise a fundamental issue around capacity. I recognise challenges: things like the timing of the spending review; the need to work through and engage with local authorities on the process and the feedback; making sure that we have BSIPs that were not just written by some consultants and that the authority was not brought into; and that we have really understood them for the places that we are likely to fund.

It took a while. Ideally, I would have liked it to have happened faster, but we have significantly enhanced our team on buses. We have had to prioritise through the pandemic to make sure that services kept running. We now have around 60 people working on buses. About half of them are on funding, and that is substantially more than we have had in the past.

Q328 **Karl McCartney:** Thank you for that detail. Obviously, we can argue about the semantics of language, but, to be clear, you are denying that there was ever a lack of capacity or perceived lack of capacity in the Department.



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Stephen Fidler: We had to make prioritisation choices because we had to put resource into making sure that the Covid pandemic was dealt with and that resource was put in. There were conscious priority choices about where that went. That happened right across the Department and not just here. The Minister may have a view, but I do not think there was anything that we felt was really important to do at this stage, to keep the process moving, that has been delayed due to lack of capacity alone.

Q329 **Chair:** Can I come back on the process and the local transport authority funding? Am I correct in saying that there was £100,000 given to each local transport authority, and they could either employ an officer or they might use consultants? That was for one year. I understand that there is to be three-year funding for that type of project. Could you tell us a little bit more about how that works and what the funding is for the three years?

Baroness Vere of Norbiton: Yes. The funding is £15 million, only for the non-funded local authorities. It is fewer local authorities, but £15 million over three years.

Q330 **Chair:** If you have not had any part of your bid accepted, you will get a portion of that money.

Baroness Vere of Norbiton: Yes.

Q331 **Chair:** You said to Grahame Morris that you were not in the business of saying how the local transport authorities should spend that money, but would you expect them to employ an officer to be able to deliver this rather than spending it on consultants, given that the consultants do not have anything to bid for?

Baroness Vere of Norbiton: Absolutely. Part of all of this is trying to lift capability and capacity in local authorities. I think what has happened in the past is that funding has been available for individual modes. I want local authorities to think in a more integrated way. You would have a really good bus person who would link into an active travel person or whatever and build up a team that could work together and provide the sort of resilience and shared experience that we want in local authorities. This is not a new problem. It has been recognised for a long time that local authorities have had to pare back certain elements of their officer team. By providing the specific funding, I very much hope that it will be spent on an EP officer. We cannot make that happen but I would expect it to happen.

Q332 **Chair:** Why wouldn't you make that happen? You came before us previously and said that you expected there to be someone dedicated to buses in every town hall. That was the idea of the funding. We have taken that idea and recommended the same thing on electric vehicle officers, basically taking the exact same approach. It is to dedicate money and then ensure an officer is actually employed so that the bandwidth is there.



Baroness Vere of Norbiton: There could be circumstances where it is not appropriate. Imagine if there was a different place that did it differently and actually had a very cross-modal team and part of that funding went to support a third, a third, a third, with three different people who are all involved in buses but—do you know what?—they do cycling as well. That is the sort of thing. I do not want that to happen because getting too involved in micro-managing local authority transport teams is not ideal. Clearly, our expectation is that there will be someone, or a group of people, with responsibility for buses where there has not been in the past.

Q333 **Chair:** The concern I raised previously was that you would have consultants basically putting in very similar bids for different local transport authorities, and you would not then have the creative thinking and the innovative ideas. Looking at all the bids you have received, was there a pattern of tending to grant money to those where consultants were not employed or, indeed, perhaps the contrary? Did the successful ones tend to employ consultants to write their bid?

Baroness Vere of Norbiton: I haven't seen any analysis that would support that or, indeed, not. I will hand over to Stephen in a minute, but remember that it is not only the local authorities that were responsible for the BSIPs. It was the local operators, too. I know that they put in a huge amount of their own resources in order to shape the BSIPs such that they were appropriate for the local area. It is in their interests too that these things work. You have to involve not only the bus people but the highways people over bus priority and the bus operators to make sure that there is good insight from everybody. I am not sure that we saw a huge number of cookie-cutter BSIPs, but I shall pass to Stephen.

Stephen Fidler: I don't think I saw that either. It was quite a mix. I think a lot of authorities used consultants to at least supplement the team. One of the reasons it took us a while to get to funding decisions was that we wanted to go through a process of having a conversation and a meeting with every single authority we were contemplating funding, and a few others just to test and compare.

That was all exactly about testing out that it was not just a cookie-cutter plan from somewhere else, but that the authority had their heart in it and the bus operators around the table recognised the bus priority. Where possible, the political leaders or the independent members of the EP group were there, explaining why they had done what they had done. In the places we funded, it came across loud and clear that it was bought into, it was a local plan, and it was really understood. We would not have funded them otherwise.

Q334 **Chair:** This may seem a bizarre question, but how can you tell whether a consultant has actually been used on a bid or not? The bid will be submitted by the local transport authority. Did they have to declare that it was written by a consultant?



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Stephen Fidler: No, they did not, but when we get into the detail of the conversation it quite quickly becomes clear whether it is something that the local authority officers who are on the call understand, know and own, and can explain how it fits into their wider plan. Whether or not it has actually practically been written by a consultant, I am not sure I mind. It is about whether it is owned and bought into. Is it really part of the authority's plan? Sometimes it was obvious. Sometimes it had the logo on the corner, or they explained it, but it was the outcome that we focused on.

Q335 **Chair:** Would there have been occasions on a conference call meeting to discuss the plan when they would have had to defer to their consultant about what they meant by a particular part of it?

Stephen Fidler: If that happened, and it did not happen often at all, it would have been a slightly worrying signal to me.

Baroness Vere of Norbiton: I have had ministerial meetings with nearly all of the local authorities that got funding. It was very clear to me that the people on the call with me were, first, not consultants and, secondly, were very bought into the plan. They asked me the level of questions that I would expect from somebody who really understood what they were bidding for.

Q336 **Chair:** If we were to write to you and ask if you could just give us a breakdown of which of the successful and, indeed, unsuccessful, bidders were using consultants and which were not, would you be able to provide that to us?

Stephen Fidler: I am not sure I have that detail, but we could have a look and see what we have.

Q337 **Chair:** By that definition it demonstrates that you cannot be sure where it was consultant-led or where it was officers.

Baroness Vere of Norbiton: No, I do not think this is right, I am sorry. I do not think that this is a viable line of questioning. There is nothing wrong with bringing in expertise. There is absolutely nothing wrong with that at all. I do not want every single local authority to have an entire consultancy-type level of resourcing. There will be times when bringing in a consultant is really good, to challenge your thinking and to lift your skills and experience.

As Stephen was saying, at the end of the day, delivery will be down to the local authority and not the consultant. In all the conversations that I have had with individuals across the country, it is clear to me that they get it. That may be because a consultant helped them. I don't mind about that. Why would I necessarily mind, if they are actually learning and getting themselves upskilled by using a consultant? I am not accepting of this, I'm afraid.

Q338 **Chair:** The reason I am asking is that consultants can just work on lots of



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different local transport authority projects—

Baroness Vere of Norbiton: Good. It is called sharing best practice.

Q339 **Chair:** Or just copy and paste—

Baroness Vere of Norbiton: It doesn't matter. Sharing best practice.

Q340 **Chair:** No, I would contend that actually it does matter. If the whole idea of £100,000 per local transport authority and the reason for this centre of excellence is to try to get innovation that you can then spread across, can you do that best by just employing a team of consultants? How do you know it is giving value for money if you do not even know if they are using a consultant?

Baroness Vere of Norbiton: Because, at the end of the day, how are you going to derive your value for money for this? It is going to be about the outcomes. It is all about outcomes rather than process. I think this is a little bit focused on process. It is about outcomes. Everything that the Government will be doing in terms of the commissioning, monitoring and evaluation for the next five years will be looking at whether it delivers on the outcomes. Everything that the local authorities will be doing on monitoring and evaluation is about whether it delivers on the outcomes, however they reach those outcomes and whether or not there was A. N. Other consultant involved in the process. I reiterate that I find it a little odd. There are extremely good consultants. They are able to help local authorities to lift their game. That is absolutely what I want to see.

Q341 **Chair:** I am going to bring Chris in, but I am pretty sure, although I do not have it in front of me, that when you were here previously on this matter you said that you expected consultants not to be used and for officers to be employed, because you did not want copy and paste identical bids.

Baroness Vere of Norbiton: We do not.

Q342 **Chair:** I am actually going to send this back to you. I am pretty sure that I am using the same language that you used to us right at the very start of this process, which now feels very different.

Baroness Vere of Norbiton: It is a question of degree. Again, I am not in the business of saying that you must or must not use consultants. I absolutely want every local authority to lift their capability and capacity, but I do not want them to suddenly say, "Well, we're going to do that in isolation with blinkers on and we will not look to the outside world." I do not want copy and paste either. Nobody wants that, but I think we are trying to create divisions where there aren't any.

Q343 **Chris Loder:** Good morning, Baroness Vere and Stephen. With the greatest respect, I do not think we are trying to create any divisions whatsoever. We are just asking for the facts without showing any opinion, whether it is good or bad. I think we are asking if you can provide that information. It is as objective as that.



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You said a moment ago, Stephen, that on the successful bids you have reviewed you can generally tell through the dialogue whether consultants have been involved. What we are asking is whether there is a problem why you cannot share that with us.

Stephen Fidler: It is very much a subjective issue. What we were looking for was not, "Have consultants been involved?", but, "Is this a plan that the local authority owns?" That is the point I was making.

Q344 **Chris Loder:** I am sorry, but with the greatest of respect that is not the question. The question is, are you able to provide that information to us?

Baroness Vere of Norbiton: No.

Q345 **Chris Loder:** Could you tell us what the objective measures were that you used in this process? I understand very much that your opinion, Baroness Vere, is that the bus strategy is working, but it is not working for rural England at the moment. It is not working for Dorset.

When we have feedback which consists of 290 words and uses language such as, "We felt that this could have been better," or, "We felt that the interventions related could have included more detail," there is a complete lack of objective measure. I wondered if you could tell us what the objective measures were, if you cannot tell us about the consultant situation. Stephen, I was asking you, but I do not know whether you prefer to answer, Baroness Vere.

Baroness Vere of Norbiton: Yes, absolutely. We set it out very clearly in the guidance.

Q346 **Chris Loder:** What are they? We cannot find that. I do not know whether I am wrong—I am happy to be corrected by my colleagues—but I cannot find anywhere what the objective measures are. Operators who have previously given evidence to this Committee have said the same thing. I think the local authorities have also done so. What that has left is an impression, whether it is right or not, that this has been, to quote the word you used, a subjective exercise, and organisations and local authorities in desperate need of trying to improve their bus services are not able to understand why they have not been successful.

Stephen Fidler: If I may, I will come in on that, Minister. The criteria we applied were absolutely lifted from the guidance. There were about seven key things, to paraphrase. It probably listed about nine or 10. There was looking for services on key corridors and that being addressed. There was significant increases in bus priority where it was needed, which will not always be the case in a rural context, or an explanation of why not. There was lower, simpler fares and better ticketing. There was better information and better co-ordinated information across different operators and overall. There was better connection across modes, and there was decarbonisation and the passenger benefits. Alongside that, we were looking for the requirement that we put in for 80% support from operators, or an explanation as to why not. They were the things we were looking for.



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Q347 **Chris Loder:** Thank you. Could you therefore explain to us why you have not been able to feed back to the local authorities how they performed against those criteria? The examples I have in front of me, frankly, are full of subjective nonsense. I am very happy to pass this to you if you would like to look at it. It does not contain any objective feedback against those criteria. I would like to know why that is.

Stephen Fidler: To build on my point, they were the eight or nine things that we were looking for. We then took those and looked at them against the strategic fit. Essentially, does it cover all those bases? Is there a clear target?

Q348 **Chris Loder:** That is wonderful, but the question is, why have you not objectively fed back to the local authorities how they performed against those individual objectives?

Stephen Fidler: Effectively, we have.

Q349 **Chris Loder:** I am sorry, but the evidence is very clearly here that you have not. I am very happy to show it to you if you would like. This is one example, Chair. There are 290 words that have been sent to Dorset Council, and I think we have had others as well. Buckinghamshire Council was in front of us a few weeks ago. At that point, they had not even had their feedback. I am afraid we achieved this only as a result of having escalated it to MP and Minister level.

It does not contain what you are suggesting, Mr Fidler. I wonder if you could help us again by telling us why local authorities have not received objective feedback against those criteria.

Stephen Fidler: It is what the Minister was saying before. We have individual rankings and scores against every single bit of it, which we are very happy to share with the authority if they want to get into that level of detail. What we have tried to do is to give authorities the high-level view of where we thought there was need for improvement. It is the beginning of a conversation. It is not the end of it. We are in regular contact. We are very happy to go into much more detail with any authority that wishes to do so.

Q350 **Chris Loder:** For the record, will you commit here today to provide that objective feedback to every single local authority that has asked for it?

Stephen Fidler: Absolutely, because we already have done.

Q351 **Chair:** I think that is where Chris raises the point. We have heard it all the way through this inquiry. If you are going to provide the funding and encourage local transport authorities to bid and they are not successful, surely it should be very similar to what the Department for Levelling Up did with my district council when they did not get a bid successfully put through for the levelling-up fund. They had a conference call with them and talked them all the way through the bid, saying, "This is where it didn't work. Next time do this." Why wouldn't you give them that offer, and not a letter as Chris has just pointed out?



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Stephen Fidler: The levelling-up fund is on my patch as well. We are effectively following the same process. The first thing we did was to give some high-level feedback like that in the levelling-up fund context. Then, we offered the conversation to anybody who wanted it. We had exactly that conversation. We are very happy to have it.

Chair: But Chris's point—

- Q352 **Chris Loder:** I am so sorry, but that is so wrong. That is so incorrect. We have, for weeks and months, almost had to beg the Department to get feedback for a failed bit. We still cannot understand in Dorset why that bid was not successful, other than 290 words of subjective nonsense. All we are asking for is objective feedback that tells us exactly how you have measured these bids against the criteria, and where we have not met the required standard. That is not something that the local authorities have either received or been offered up until today.

Baroness Vere of Norbiton: That is not the case.

- Q353 **Chris Loder:** I am sorry; that is completely wrong.

Baroness Vere of Norbiton: Obviously, Mr Loder, we have had the conversation about Dorset and I have met your council.

Chris Loder: Indeed, several times.

Baroness Vere of Norbiton: I have met lots of councils, but it is not right to say—I understand that your interest is in Dorset—that all local authorities have not had it. What we might do with those 290 words is phrase them differently. There is an element—

- Q354 **Chair:** To bring this to a conclusion, perhaps it would be sensible for us to ask if you would reach out to all of the local transport authorities that have not been successful and ask them if they want a session so that they can understand, and ask questions, as to why their bid was not successful. I would expect that as usual practice. Is that something you would consider?

Baroness Vere of Norbiton: We have already done that, but we will obviously do so again and confirm to you that we have done so.

Chris Loder: When we had Buckinghamshire Council here just a few weeks ago, they were in a worse situation than Dorset. They had asked for feedback and they had not even been able to get a response.

Chair: Yes, that was absolutely the case.

- Q355 **Chris Loder:** I appreciate that that may have changed since. Would you provide us with the objective feedback for each of those councils so that we can see that as well, if you have provided it?

Stephen Fidler: I would be happy, if you were, Minister.

- Q356 **Chair:** What I would suggest is that you write to us and let us know every single local transport authority that has not been successful and all



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of those you have written to, and also offered and had a meeting with, in order to give them proper feedback as to why they were not successful. That might be a way of moving it forward.

Stephen Fidler: If I can clarify on dates and the process we followed, if it is helpful for the Committee, we deliberately prioritised people who were looking to get their EPs and funding away. We dedicated our resources to where we thought the urgent priority was, which was helping those who were successful to get this implemented as quickly as possible.

Taking the point from earlier that BSIPs are long term, we aimed to get the initial feedback out to everybody who got funding by 13 May, and then by the end of May—some slipped to 1 June—to everybody else in a second round in the next two weeks. I apologise if it meant that some people felt there was a bit of radio silence, but I personally felt that was the right priority order to do it in.

Chair: It may well be that since we heard the evidence you have done what we mentioned, but if you can write to us that will obviously clarify it anyway.

Let's move to the bus service operators grant before we go through parts of the strategy. We are keen to ask you about the reform of that.

Q357 **Robert Largan:** Good morning, Mr Fidler and Minister. It is always a pleasure to have you in front of the Committee. When do you expect a reformed bus service operators grant to be in place?

Baroness Vere of Norbiton: We expect the consultation to come out later this year. At the moment, the bus service operators grant is a bit of a dinosaur. It has been around for a very long time. It does a very useful job, in that it supports services to the tune of around £200 million, plus providing £42 million to local authorities for their vulnerable services. It is a very important funding stream, but it supports fuel usage, which clearly is not what we want to see.

We have started having conversations, and indeed have had them for some time, and thinking about how it would be reformed, to move it away from straight fuel usage. You can expect to see a consultation later this year.

Q358 **Robert Largan:** Is there consensus in the Department and among the stakeholders on what the way forward is and what kind of reform we would like to see? Is there consensus or are we still at the very early stages?

Baroness Vere of Norbiton: A number of options are being considered. Of course, what we were able to do fairly recently was to put in a BSOG uplift of 22p per kilometre for zero-emission buses. We felt that was one of the things that we could do right now. Clearly, the entire framework needs to be looked at. There are lots of different ways. We have not made ministerial decisions about it. There is still a lot of work to be done



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in terms of options, but we welcome as much input as possible from stakeholders as to how they think it should work.

I have all sorts of ideas, which I am probably not going to float now because you might say, "But Minister, you used to think this." You can imagine how you could use what is quite a significant funding stream to really boost provision, particularly for those who are most isolated. All sorts of considerations are on the table.

Q359 Robert Largan: We are expecting the consultation later this year. When do we expect the results of that consultation to be actioned, to get a new grant in place? What is the timeline?

Baroness Vere of Norbiton: Oh, Mr Largan. It will depend on how many responses we get to the consultation and what they say. You know that. I want it to be in place as soon as possible, but we have to do it properly. It is one of those things that, because it provides great stability, you cannot get wrong. The expectation is that it has longevity. I am loth to punt. Stephen, do you want to punt?

Stephen Fidler: One of the things we have to consult on is what the right transition time is as well, which will depend a bit on the scale of the change. I am a bit loth to punt at this point.

Baroness Vere of Norbiton: That is the problem. It is that whole thing about the winners and the losers. If there are going to be losers, are they losing for the right reasons? That is the concern.

Q360 Robert Largan: If it is only a modest tweak, it would be a relatively short transition period and relatively quick, but if it is more radical, presumably it takes longer.

Baroness Vere of Norbiton: I am not expecting the former.

Q361 Robert Largan: I understand the complexity and why you need to be careful in the consultation. The converse argument would be that we need to be much more urgent in moving away from fossil fuel-based subsidy. If we are to hit the legally binding targets we have, don't we have to do this much more quickly? Are we confident that we will have a new grant in place in time to be able to hit the Government's legally binding net zero targets?

Baroness Vere of Norbiton: That is why we did the zero emission bus BSOG uplift; it was something that we could do fairly quickly. One of the biggest challenges for zero emission buses is total cost of ownership and establishing when that is going to reach *pari passu* with Euro 6 diesel. Obviously, a BSOG will be an element in that.

The industry will be making very long-term investment decisions on the back of what BSOG goes on to look like. While I accept that if I could wave a magic wand and get the perfect solution today I would, we cannot



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do that. I think we are moving at an acceptable pace given that we were able to do the BSOG uplift for zero emission buses.

Q362 **Robert Largan:** I appreciate that you do not want to speculate too much on all the different options because you do not want to be called back on it, but let me phrase it in a slightly different way. What do you think is the biggest challenge to reforming the grant?

Baroness Vere of Norbiton: The biggest challenge, of course, is that it is fossil fuel-based as it currently stands and doesn't do pretty much anything else. We can use it to shift behaviours towards the behaviours that we want to see. It is a very valuable lever. There are all sorts of things which I am sure that you and I would both agree might be quite useful to add to it. We will be thinking about them.

Robert Largan: That has exhausted my questions, Chair.

Chair: Surely not, Robert. You are a politician, after all. We would like to drill into the bus service improvement plans in terms of what we might expect to see from those that are successful. We will start off with Simon Jupp.

Q363 **Simon Jupp:** Good morning. With all the plans you saw for BSIP proposals across the country, were there any similar themes that emerged from all of them? I know there was an emphasis on bus priority measures, but did you see any particular themes that you thought were quite interesting coming from local authorities?

Baroness Vere of Norbiton: Yes, quite a lot. One of the overarching things that I took away from it is that there were different proposals in different areas. Some areas had great proposals for demand-responsive transport. Some areas were doubling down on bus rapid transit. As Mr Fidler was saying earlier, from our perspective—I spoke to the successful areas on 10 and 13 June—it is very much about keeping buses moving. Bus priority is really important if it is appropriate for that area.

The second thing that I was pushing on is cheaper and simpler fares. Bus fares are insanely complicated. I do not, for the life of me, understand why they need to be so complicated. I am sure they have some very good revenue modellers who provide all of this output, but I do not think that it helps from a consumer perspective.

One of the things that we were looking for when we looked at the BSIPs was, do they put the consumer first, and, in doing so, have they prioritised bus priority, cheaper and simpler fares and better services? In that context, there were all sorts of differences as to the sorts of things that people felt were right.

Q364 **Simon Jupp:** Among the successful bids, did any local authorities put something forward that you thought, "Oh my goodness, no one has thought of this. This is really different and we think it can work"? For example, you mentioned rapid transit and on-demand transport.



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Combined authorities and local authorities have been looking at that for a long time. Was there anything that surprised you or where you thought, "That is a genius idea," obviously without naming names?

Baroness Vere of Norbiton: The thing is that those of us who have been in the bus game for a long time—Mr Fidler has been involved with it longer than me—probably already know about the genius ideas because people tell us. That they have developed them sufficiently to put them forward for funding and to be successful is very good.

There has been a lot of stuff around fares. You will have seen that Liverpool city region has a £2 flat fare cap. Lancashire and Blackburn have a £1.50 flat fare after 7 o'clock in the evening. Everywhere is doing different things for their different areas. The thing is that some of it is doing really well.

I do not think there was anything massively new and striking. There was definitely a huge step forward in bus priority fares, and in integration and thinking about how the network works for local services and local people. Stephen, do you know something I don't?

Stephen Fidler: I don't think so, Minister, but if I was to pick one thing that jumped out at me in its level of ambition and difference, it would probably be West Midlands and their fare simplification, going from 4,000 fares to about six. I thought that was probably more radical than anything I had seen on fares before. It was not necessarily innovative in its own right, but it was ambitious.

Q365 **Simon Jupp:** Interesting. Thank you. There seemed to be quite a strong emphasis on bus priority measures during this process. Obviously, as you indicated and quite rightly so, that works in urban areas but probably would not work in some rural places. People in rural areas still need to use buses and do not want to be stuck in the same traffic as cars; otherwise what is the point in using a bus in the first place? What do you think can be done to help rural places get where they need to be without resorting back to the car?

Baroness Vere of Norbiton: Many rural areas have urban hotspots, let's call them, even though they might not be as urban as central Liverpool. We have always said that bus priority is appropriate where there is congestion, and where there is a high frequency bus service. No one wants buses sitting in traffic. Part of the attraction of the bus, in my view, is when people see them whizz past and they want to hop on board rather than be sitting in their car.

I want to slightly challenge this view that a lot of the funding went to urban areas. If I look down my list, I have Cornwall, Derbyshire, Devon, East Sussex—

Q366 **Simon Jupp:** I did not challenge that view.



Baroness Vere of Norbiton: No, but somebody else did slightly earlier. There is Norfolk, North East Lincolnshire, Northamptonshire, Oxfordshire and Somerset. I could go on. These are all rural areas. We want to support bus services in rural areas. I am content that we have a really good mix.

Although bus priority was one of the things we were focusing on, if it was a rural area and they did not need any, it was not suddenly that they could not have any money because they would use their money for other things. For example, I was speaking to North East Lincolnshire. Some places do not have good interconnections. There are some places that literally do not have a bus station at all, or anything that even remotely looks like a bus station. Again, we need to think about that and how they get their interrelationship between rail and with active travel. Those sorts of interventions are positive.

Q367 **Simon Jupp:** How do you handle the ambitions of local authorities, for example, like Devon, who put in a bid for £43 million and got £14.1 million in return? Obviously, they put forward a plan and they had an idea for what they wanted to achieve, but they cannot deliver that within the funding envelope you have given them. In an earlier answer, you hinted that this is not the end of the process and there is more opportunity to refine and put more bids in. How do you deal with the disappointment from local authorities, and how do you help them reach the next stage? I do not want to go over the old arguments about the way that you fed back, but how will you help successful councils secure more cash?

Baroness Vere of Norbiton: I had that conversation with the local authorities that I met recently. I did not get a lot of push-back on, "Oh well, we asked for this and we only got Y." I got lots of questions about prioritisation and the sorts of things that they would want to do. My response to them was very much, as with BSIPs in general, do not try to do a little bit everywhere. The point about this is to get transformation. If you have certain areas that you can focus on, please do. The next stage before the funding is actually released is that the prioritisation will come back from local authorities. Stephen and his team will have further discussions with those local authorities to check the plans. When the EP is made, obviously the funding will be released.

Q368 **Simon Jupp:** That actually anticipated my next question, which is very helpful of you. Thank you very much. What if the local authority comes back to you with a plan that you fundamentally disagree with? Do you not award the money? What happens then?

Baroness Vere of Norbiton: I would be extremely surprised if that were the case because, obviously, they are based on BSIPs that we have already—

Q369 **Simon Jupp:** But if they change their emphasis? For example, Wiltshire originally proposed that they did lots of changes in Swindon and thought, "No, I do not want to do that; I want to do it in Salisbury instead."



Baroness Vere of Norbiton: It will be the next step on from the BSIP and a conversation will be had. It will not be a no feedback situation.

One of the key things about the BSIP is the whole BSIP process. When I first became a Minister, yonks ago now, I was always surprised that the bidding process was so hands-off and that we did not have the sorts of conversations that we have nowadays and the amount of back and forth that goes on. It did not happen.

I want to highlight that we are doing an awful lot more than has happened in the past. Stephen is bursting to come in at this point to explain to you what is going to happen between the BSIP and the prioritisation.

Q370 **Simon Jupp:** Stephen?

Stephen Fidler: Thank you. We got the BSIPs in. We looked at them and fed back—admittedly recognising the views of the Committee on that. What we then did was ask those who were successful to give us their prioritisation table. We asked for that quite quickly. That came in a few weeks ago, exactly to address your point. If we thought that there was going to be an issue with the advice we could give to Ministers or with the approvals, we could have that conversation early and head it off at the pass. Our objective is to approve the funding and sign it off as quickly as practicably possible for everywhere.

We are now waiting for 30 June, imminently, to get the revised proposals back. I am optimistic that a fair few of them will be in a position where we can recommend to Ministers that they are ready to go. There may be some words and iterative conversation to have, but I would be very surprised from the discussions we have been having over the last few weeks if there are any where there are big, significant and fundamental issues. It may take a few more weeks or months to get them over the line and agreed, and then people can go and sign off the enhanced partnership. As the Minister said, if you are doing an enhanced partnership, we are looking for that to be in place, so we have certainty that the bus operators are honouring their side of the bargain before the funding is released.

Q371 **Simon Jupp:** Briefly, I have a question for the Minister which is vaguely connected but a bit of a curve ball. Obviously, various parts of the country are going for devolution deals across the nation. Metro mayors previously had transport powers that other local authorities did not. Because this seems like quite a to-ing and fro-ing—you bid for this, you get this money, you refine the plans and you put it back in again and the Department says, “Yes, yada, yada, yada”—in the future do you envisage that the places with devolution deals could just crack on and get on with it a bit more?

Baroness Vere of Norbiton: Which of course already happens with CRSTS. The MCAs that we have in place at the moment were able to bid



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into BSIP, but they were restricted to RDEL. The CDEL for their bus interventions came from the CRSTS. Yes, obviously I am getting devolution deal proposals through to my desk at the moment in terms of different areas and how we are going to do transport in those devolved areas.

Look, if I could sort out capability and capacity and monitoring and evaluation, would I want to have tons of bidding back and forth? Absolutely not, but we are still on a journey. The MCAs are really good now. They are very good. I know the areas that are coming forward with devolution deals. They already have very good transport baselines. I am expecting them too to be really ambitious. I think it is a positive thing, but it is a work in progress.

Chair: We have until 10.35 on this section. Before I bring in Chris, we have Ben Bradshaw.

Q372 **Mr Bradshaw:** Through you, Chair, can I make a plea for fewer acronyms, if possible, for the viewer at home? This is an area which has so many acronyms, and I think you used about seven in one sentence just then, Minister. It is helpful for everyone out there to use the full names.

Baroness Vere of Norbiton: Thank you. I will not do that again.

Q373 **Chris Loder:** Minister, could you tell us how the initial allocations were made for successful BSIPs, please?

Baroness Vere of Norbiton: Yes, I can. In terms of the allocations, we obviously looked at the assessment of the BSIP. We looked at the level of ambition. We looked at the population that it would be serving. In fairly broad terms, there was one group that got quite a lot of what they asked for and one group that we felt were the middle rankers, if I may call them that, although they were still pretty good. They got slightly less of what they asked for.

My other concern, and I think the Committee would reflect this as well, is that I did not want all the money going to certain types of places. I then crosschecked that against car ownership, deprivation, regional spread and obviously urban versus rural. As I said previously, part of this process is to figure out what works. We want it to be going to different sorts of places. In general, fortuitously, the allocations that we first came up with checked out against those measures, so I felt content.

Q374 **Chris Loder:** Shropshire Council told us that, in their opinion, the criteria were skewed towards urban density areas. What do you think about that comment?

Baroness Vere of Norbiton: The outcomes do not show that. I have had many conversations with Shropshire. As a Minister, I am very happy to speak to councils. The outcomes of the places that got funding do not reflect that.



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Q375 **Chris Loder:** What happens now to the areas that did not receive any funding through this process?

Baroness Vere of Norbiton: As we said earlier, it is very much about focusing on things they can do that do not need additional funding from BSIP.

Q376 **Chris Loder:** Can I help with a little bit more detail? What places are now faced with is that a good number of bus routes will be terminated with effect from October. It will further isolate rural areas. It will totally disconnect market towns from the nearest hospital town or county town. I think the situation we now find ourselves in, having had expectations raised that BSIP and the national bus strategy would help solve some of the difficulties that have been experienced, is that we are going to see those difficulties get worse. There are a lot of those areas. Dorset is not alone. How will they fare now?

Baroness Vere of Norbiton: It is worth taking a tiny step back. Throughout the pandemic, as a Transport Minister I was always asked, "Gosh, what are you going to do to services once the demand has settled down and we know what demand looks like?" It is the case that we now have a pretty good idea about where passenger scarring has occurred. We also know that, although I can say that patronage is about 80% of where it was pre-pandemic, there are huge variations.

Q377 **Chris Loder:** This is wonderful, but the reality is that these bus services are going to be cut in October.

Baroness Vere of Norbiton: If I may finish—

Q378 **Chris Loder:** If you wouldn't mind, because we are against the clock.

Baroness Vere of Norbiton: Okay; I will speak very quickly. You have brought us into the topic of network reviews. Is that where you are intending to go?

Q379 **Chris Loder:** Not necessarily, no. The expectation has been made that BSIP will be the solution for difficult situations with buses.

Baroness Vere of Norbiton: BSIP was never supposed to support recovery services. Never. That was never the point of it. Local authorities are well aware of that because they have been asked—

Q380 **Chris Loder:** Because they were asked to estimate for—

Baroness Vere of Norbiton: I am sorry, they should have been well aware of the network reviews. A local authority has been asked to provide a network review. For areas that were successful, obviously that will happen alongside their BSIP funding, but areas that were unsuccessful still need to provide a network review. That has always been the case. I don't know if you want me to go into any more detail. I can.

Q381 **Chris Loder:** Basically, where we have got to is that you are telling us that nothing else is going to happen that will prevent further bus cuts in



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the coming months for areas that have not been successful. Is that right?

Baroness Vere of Norbiton: BSIP funding is not intended to support services that would otherwise have continued under recovery funding. That has always been the case.

Q382 **Chris Loder:** If I could drill into that a little bit more, you mentioned a little earlier, or perhaps Stephen did, the three-year funding, the £15 million, for local authorities that were not successful. I took from that, maybe wrongly, that that would go to help authorities in this difficult situation. If I have got that wrong, could you tell us what that £15 million would be for?

Baroness Vere of Norbiton: It is for capacity and capability for enhanced partnership officers. Remember, an enhanced partnership has all sorts of things in it that do not need funding. What we must remember is that there has been an awful lot of focus on the BSIP funding, but existing funding to buses remains. There is still existing funding. You still get BSOG. You still get your concessionary fares. We have given local authorities flexibility as to how they choose to return their concessionary fares payments back to pre-pandemic levels. They still have funding from the block grant, some of which is specifically for bus services. Some councils choose not to use it.

Q383 **Chris Loder:** When you say the block grant, do you mean the revenue support grant?

Baroness Vere of Norbiton: Yes.

Q384 **Chris Loder:** For places like Dorset that have zero revenue support grant, what is the solution?

Baroness Vere of Norbiton: I cannot comment on Dorset specifically.

Q385 **Chris Loder:** We are not alone. I am not trying to make a big thing about Dorset, but we are not alone in that scenario.

Baroness Vere of Norbiton: We have tried to provide recovery funding for as long as we possibly can in order for the market to stabilise. It is clear, I think, that there has been a vast amount of stabilisation. That has happened. The recovery grant protected services. It protected 90% of mileage up until July and 80% until the end of September. Then, of course, within all of those things local authorities have a much better relationship with the bus operators, and I would expect the local authorities to be pushing bus operators as to what the network looks like going forward. If there were disagreements between the bus operators, the DfT would be very happy to help out and to figure out how those disagreements can be resolved.

Q386 **Chris Loder:** Is there any other advice that you would offer to local transport authorities? I did not ask that question specifically but you have kind of answered it, which is helpful. Is there any other advice that you would offer to local transport authorities in that vein, or is that it so far?



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Baroness Vere of Norbiton: May I ask Stephen because I can tell he is itching?

Stephen Fidler: I am not sure how you can tell that, Minister. For the other thing in place—the concessionary fares funding—local authorities will have a budget that they would have had in place for this year and that may look the same for next year. I am conscious—

Q387 **Chris Loder:** Which would happen from the revenue support grant, wouldn't it?

Stephen Fidler: Yes.

Q388 **Chris Loder:** Areas that have zero cannot do that.

Stephen Fidler: Or they are otherwise raising powers through the DLUHC system. The point is that, when we return to the normal arrangement from next April, the amount that some authorities would spend on that grant, unless all the concessionary passengers are back, will be lower. I think there is a question for those authorities, recognising that they face other financial pressures, about what they choose to do with that money. There are choices about putting it into the bus system in a different kind of way. They have flexibility on the money we have given this year. We have given bus recovery grant. Local authorities have flexibility on how they spend that. They do not have to stop spending their share of that at the end of October. They can run it through for the rest of the year, if they have not used it all already.

Q389 **Chris Loder:** Will there be further rounds of BSIP? I think there has been a quiet expectation that there will be a second round as a last-ditch carrot for those who have not been successful. Is that accurate or not?

Baroness Vere of Norbiton: I think what we said, and what was absolutely accurate in our letters, was that it is not a firm no forever.

Q390 **Chris Loder:** Are you planning to have a second round, Minister, at this moment?

Baroness Vere of Norbiton: There is a difference between what I am planning and what I am allowed to do.

Q391 **Chair:** Is it down to Treasury sign-off? Is that another way of putting it?

Baroness Vere of Norbiton: Clearly, what we want to do is to get the current BSIP funding bedded in to see what the outcomes are.

Q392 **Chris Loder:** As it stands today, you do not have a particular plan.

Baroness Vere of Norbiton: No. As it stands today, I do not have a plan for a further round of BSIPs but—

Q393 **Chris Loder:** That is a wonderfully clear answer. I appreciate it.

Baroness Vere of Norbiton: —it is not a no.



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Q394 **Chris Loder:** Thank you. Wrapping up from my perspective, do you think there is a risk that the competitive bidding system that we have seen here entrenches the good and the bad in local transport authorities? Whether they have been successful or not, has it branded the local transport authority as good or bad, in your eyes, in capability of delivering?

Baroness Vere of Norbiton: No, it has not because there are too many of them for anybody to hold those sorts of views about a particular place. Also, I am hopeful that all of those that were not successful will get better and be able to achieve things. No, it does not quite work like that.

Q395 **Chris Loder:** Do you think we are going to end up with a two-tier bus network in England? There will be areas that have benefited, in some cases to the tune of tens of millions of pounds, compared to areas that have no block grant, no revenue support grant and have to fund concessionary fares, even though they may have a high tourism area, from their council tax income and the bus services that otherwise run commercially. Do you see that there will be a two-tier thing? If not, why might that be? Is there something else exciting coming up that I have not seen yet?

Baroness Vere of Norbiton: All councils have either revenue-raising powers or access to other bits of funding. For example, some local authorities could bid to the levelling-up fund for capital to put in bus priority, which of course is key to improving services.

Q396 **Chris Loder:** Is that the advice to those who have not been successful? Is their only option forward to resubmit to a levelling-up fund set-up? Is that the avenue now for them?

Baroness Vere of Norbiton: Far be it for me to advise councils, but they know where the options are. Existing funding stays in place. This is additional funding. We must not forget that where a council—let's call it Dorset—was three years ago, they are in the same place. The only thing that has changed is that many people in Dorset have now chosen not to travel. We now have to make sure that our bus network can serve the people as well as it possibly can.

Q397 **Chris Loder:** The key point there is from zero funding to zero funding in terms of the block grant.

Baroness Vere of Norbiton: I cannot comment on the block grant.

Chris Loder: But it is a relevant factor where those expectations have been raised. Thank you.

Chair: I invite Ruth to come in, and then I want to ask one question as well.

Q398 **Ruth Cadbury:** I have been listening carefully to the Minister's answers to my colleagues' questions. First of all, most local authorities are not even able to provide basic statutory services now because of 12 years of



cuts. The levelling-up funds are discretionary and do not even touch the sides of the needs that local authorities are facing. To retain existing bus services and fund them from the normal funding for local authorities is, frankly, not realistic for the vast majority of local authorities in this country.

Can I ask the questions that Chris Loder was asking in a different way? We have had a lot of evidence that outside London—I will be allowed to cover London later—if the reduction in patronage is sustained, and there is a lot of fear that the reduction in passengers will be sustained, it will lead to reductions in service levels. You have separated the BSIP process from the consequences of the pandemic, but the reality from the evidence we are hearing again and again from user groups, operators and local authorities is that there is a real fear that it will not go back as it was.

Is it the policy of the Government to retain access to buses in rural areas and in areas where there are socially valuable services, and where previously commercial services can no longer be commercially viable? Is it the policy of Government to support users by retaining essential bus services?

Baroness Vere of Norbiton: At the moment, the bus sector is going through a recovery period. Our vision is that the bus networks will get to a financially sustainable and recovered position, and then obviously the BSIPs, funded or not, will surpass that. We recognise that within the pandemic the operators and the local authorities need to recognise, identify and serve the journeys that best support connectivity within their local communities, but they have to do that according to new patterns and new preferences. Shall I talk about the network reviews now? Is that helpful?

Chair: We are going to come on to recovery from the pandemic at the end. I do not want to get too far away from the BSIP.

Baroness Vere of Norbiton: Okay. There is a process where we are asking local authorities to talk to their operators—obviously this whole process has helped that—to establish what a financially sustainable network will look like in the future. Does that mean that that will change? Yes, it will because the amount of patronage has declined.

Q399 **Ruth Cadbury:** Lower patronage?

Baroness Vere of Norbiton: As I said, there is huge variability.

Q400 **Ruth Cadbury:** Particularly in rural areas and more isolated or out-of-hours evening and weekend services. Are the Government prepared to see managed decline in those services, which are essential for people living in those areas?

Baroness Vere of Norbiton: Obviously, it will be up to the local authority to support services that it feels are essential.



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Q401 **Ruth Cadbury:** And if local authorities are not able to support services because they are struggling to cover basic adult social care and children's social care?

Baroness Vere of Norbiton: I cannot be the person who is deciding the priorities—

Q402 **Ruth Cadbury:** But you are asking them to make choices, and they have statutory duties for vulnerable people. They have statutory duties to provide basic social services and they struggle to do that. How can you expect them to do that and continue to further subsidise bus services that have become unviable?

Baroness Vere of Norbiton: They get money to do so, so I hope that they would.

Q403 **Ruth Cadbury:** From?

Baroness Vere of Norbiton: From BSOG. They get BSOG money.

Q404 **Chair:** Before I move to Ben and enhanced partnerships, I want to ask Mr Fidler to finish off the process part we touched on. Perhaps I can give an example. If a local transport authority bid £40 million and you gave them £10 million, you said that they will list their priorities. What happens then? Do you go back and say, "Oh no, when we awarded the £10 million we were thinking more that you would spend it on this, and you have not prioritised that"? What is the final process? I realise it is quite iterative.

Stephen Fidler: It is about making sure that we can see how it flows through to outcomes. It is not about second-guessing their judgment. It is about understanding what they expect to get for it and what outcomes will be delivered. We might ask questions if, for example, it is spread very widely, to understand why they have chosen to do that rather than focusing on one place and really drive the transformation the Minister was talking about. It is not about second-guessing. It is about just being confident that they have gone through a good process and made some good prioritisation choices. That is fundamentally what it is all about.

Q405 **Chair:** By and large, they would be relatively free to do what they have set out to achieve, even if they cannot deliver it all. They will be quite autonomous on that basis.

Baroness Vere of Norbiton: I do not expect it to be very prescriptive. This is about local decision making.

Q406 **Chair:** Often, when there are engineering projects involved, they can sometimes be very costly for what seems quite a small change. Are you concerned that a lot of the budget could get eaten up in highways engineering projects or, again, are you relatively content to let them do as they need to do?

Baroness Vere of Norbiton: Clearly, we will look at some of the larger projects to check. There were some interventions submitted by some



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local authorities that went beyond the bounds of improving local bus services. We would not expect there to be massive engineering projects. However, there may be things that are going to be improved. What we will do, and what will be published, is that for each amount of money for each local authority, we will say, "And this is what the funding is being spent on," so that local people can see that that stuff has been delivered. Sometimes there is also the risk that, if something goes into the DFT, what happens on the ground locally does not match up. We are very clear that local people should be able to see where improvements are to be made and what the outcomes will be.

Q407 **Chair:** Will there be a requirement to publicly state, "This is what the local transport authority is going to do," and then they will have to report back on how successful the outcomes have been?

Baroness Vere of Norbiton: Yes. The local authority will publish a summary table with delivery commitments and timescales. That will be helpful to make sure that things are progressing as we planned. On top of that, of course, later on, there will be monitoring and evaluation to see what has happened to patronage and how different areas are connected.

Q408 **Chair:** In the event that that is part of the enhanced partnership—I should stop because that is what Ben is going to say. Is that part of the enhanced partnership process, or is that something they have to publish now as part of the BSIP?

Baroness Vere of Norbiton: It will be part of the BSIP.

Chair: Great. In that case, I didn't trample all over your questions, Ben. We will move on now to enhanced partnerships and franchising.

Q409 **Mr Bradshaw:** Thanks, Chair. Minister, we had a couple of concerns raised with us by the local authority sector and experts. The first was that the process, particularly for transport authorities that did not have either bus improvement plan money or zero emissions money, would be going through a lot of work for not very much gain and that that could lead to disillusionment both at local authority level and within local communities. How do you respond to that?

Baroness Vere of Norbiton: This goes back to what I was saying at the beginning. Transport has been deprioritised by so many local authorities to the detriment of local people. This is very much about getting them to focus on what is probably their most important public transport offer and which they have influence over in their local communities. It is very much about trying to support them in trying to get to this thing.

It is all part of the wider move, which I suspect we might see a little bit more of, around local authorities focusing on local transport. For example, local transport plans are a statutory requirement. I think it is right that 60% of local authorities have not updated their local transport plan since 2011. That cannot be right.



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The work on BSIPs and the focus on having somebody in the office who understands bus is all part of lifting the game across the country. BSIPs will then feed into local transport plans, as will active travel. There is going to be a huge focus on active travel. A lot of capacity and capability money will go from active travel down to local authorities. It is about getting them to use that money to get the best outcomes.

Q410 Mr Bradshaw: Some of them might not have any measurable outcomes. They may just be going back to do what you have just done, which is updating their plans and working out where they are in the status quo, so the public will not see any benefit. Are you factoring that in? In some cases, where local authorities do not get BSIP or ZEBRA money, not much might change on the ground. In fact, in some cases it might go backwards. There is a political risk for you there.

Baroness Vere of Norbiton: I think the point is that it is about making sure that local authorities respond as best they can to local people. It is the case that there are plenty of things in the BSIP that do not need any funding but come back to local levels of ambition. The other thing we can also focus on is that, by getting relationships going between successful areas and less successful areas, they will be able to learn what works for even a small amount of money.

Remember that, of the highways maintenance integrated transport block, just under £1 billion a year goes to local authorities. You might be resurfacing your roads and at the same time you might put in a bus lane. Not everything has to fall in a particular bucket. I am trying to get local authorities not to think like that any longer, which is why local transport plans will become increasingly important, built on BSIPs and on capability and capacity funding from the Department for Transport.

Q411 Mr Bradshaw: The other big concern that we had raised with us was that some of the stuff they want to do had been objected to by the Competition and Markets Authority. I assume that you are aware of that. If so, can you reassure local transport authorities that that will not be the case, and they can go ahead and do this? It is things like through ticketing and so forth, which could be a real problem for the whole strategy. What is the Government's position on that? Have you spoken to the CMA and ironed that out?

Baroness Vere of Norbiton: Can I pass that to Mr Fidler?

Mr Bradshaw: Of course.

Stephen Fidler: We talk quite regularly with the CMA about what we are doing. When we set up the in-house partnership legislation, we very much had competition in mind. The CMA is a statutory consultee, so we always expected that engagement to happen.

As I understand it—I will double-check and confirm if I need to afterwards—the CMA cannot absolutely object, but it can give advice and guidance and raise concerns. It is the local authority that, under the



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legislation, has to satisfy itself that any reduction in competition is outweighed by the benefits. Once they have made the scheme, the local operators have to comply with that scheme so that they are not in a position where they are colluding or doing things that might break competition law because they are being compliant with what an authority has asked them to do under a statutory scheme. That is how the process should work in practice.

Q412 Mr Bradshaw: You are not at all worried that this kind of involvement or engagement by the CMA could steer some of these plans off course or stop them completely.

Stephen Fidler: I am nervous that people might draw the boundary line in perhaps an inappropriate or wrong place, but the CMA are the experts on where doing some things differently could actually be worse for passengers than doing the things that are proposed in the BSIP or in the EP. I think that is the conversation that needs to happen, and then the local authority needs to take its judgment based on that.

Q413 Mr Bradshaw: Are you worried that the CMA might draw the boundary line in the wrong place or that the local authority lawyers might?

Stephen Fidler: There is always a tendency when you work in government to be a bit risk averse. My nervousness might be that people interpret guidance and advice as hard rules.

Q414 Mr Bradshaw: Have you put out any guidance to local transport authorities to help them through the process of dealing with the CMA?

Stephen Fidler: We certainly explain the process in the BSIP guidance. It is covered there. My team has been engaging with authorities that have raised questions or come to us. It comes back to what the Minister was saying about the bus centre of excellence. We have an online portal. We have a process for engaging with authorities all the way through. If people are coming to us, we should definitely be picking that up and trying to assist.

Baroness Vere of Norbiton: It is a really good point and something that we can potentially pick up when we get the feedback, and get the prioritisation back. We will go back to them and we might check that they do not have any problems there.

Q415 Mr Bradshaw: Thank you. That is great. It was raised across the piece by all our witnesses.

We heard a couple of complaints about the franchising process. One was that it was very long and complicated. The other was that local transport authorities had to have your permission to go for that model. How do you respond to those two complaints?

Baroness Vere of Norbiton: I will respond to the second bit and then hand back to Stephen for the first bit. All MCAs—metropolitan combined authorities—have the option to choose franchising. That is pretty much all



of the larger urban areas, and there may well be other large urban areas joining them from the remainder that are not part of an MCA. They have the option to pursue franchising. We have three areas that are doing it: Manchester, Liverpool, and Cambridgeshire and Peterborough.

It is quite a lengthy process. It is very resource intensive. In our view, for most areas, doing an enhanced partnership is quicker, cheaper and has very similar outcomes to franchising. However, we have always taken the position as a Department that if a local authority comes to us that is not an MCA, and therefore not automatically entitled to franchise, and says, "Look, in our area we really need to franchise because of X, Y and Z," of course we would say yes. What we do not want is for everybody to jump on franchising and start what is, as Stephen will explain, quite a lengthy process. The whole point of the Bus Services Act 2017 was to try to bring in a process that was not as cumbersome as franchising but could deliver the collaborative benefits that you get when the operators and the local authorities work together.

Q416 Mr Bradshaw: Would you say yes to a transport authority that was not an MCA that came to you and said, "We want to go down this route"?

Baroness Vere of Norbiton: If there was a good rationale, yes. Why would we not? They would have to show me why the enhanced partnership route does not work, but yes.

Q417 Mr Bradshaw: That leads me very neatly to municipal bus companies. Again, we heard in our evidence and from witnesses—we had the head of the LTA from Reading, which is one of the cities that runs its own buses—that they perform extremely well, deliver good services and have the in-built benefit that the partnerships are already in place and do not have to be built from scratch. We heard widespread puzzlement, including from Conservative leaders of transport authorities and the experts, as to why the Government are actively preventing more of these by not addressing the legislation. Indeed, your own strategy said that the time was right to have another look at them. Will you?

Baroness Vere of Norbiton: Yes, absolutely we will. I absolutely respect Reading. I have been to visit them, and they do a great job. They have had great increases in ridership. We must also remember that there have been many municipal bus companies that have failed in the past. We do not necessarily laud them as much as the ones that are successful. It is about balance.

We said in the national bus strategy that we would look again at municipal bus companies. We will be doing a call for evidence later this year. I would appreciate people responding to that. Let's have a look at it. Should they be able to set one up from scratch? Sometimes local authorities set up things from scratch and they go horribly wrong and are very costly. That is what I want to prevent happening. Certainly, if there is a good rationale, we should hear the evidence and see what we do next.



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Q418 **Mr Bradshaw:** That is extremely welcome, Minister, because I think it is a little bit different from what you said to us last time we asked you about it. Thank you.

Baroness Vere of Norbiton: I need to read the transcripts, don't I?

Mr Bradshaw: I will bank that one.

Chair: To be fair, you had always left it open, Minister. As a Committee, we had responded to the Bus Services Act proposals by saying, rather than prohibiting municipals, why not have a framework where you start with franchising available to all, which often many will not take up but it is a good stick to beat some of the operators with, and then you move to the partnership approach? If that does not work because you cannot get one in place, you have the fall-back of a municipal.

You do not have to comment on this, but it feels as if we might be moving more towards that picture with you, as opposed to one of your predecessors, who was very wedded to a more rigid framework. You do not need to respond to that. I just wanted to throw it at you as a suggestion for your consultation.

Q419 **Grahame Morris:** Perhaps I could push the Minister a little further on that. You indicated very helpfully that there will be a call for evidence later this year. Could you be more specific about the review and when the ban on new municipal bus companies might be lifted?

Baroness Vere of Norbiton: I cannot because it will depend on what comes back in the call for evidence. I have said before that you cannot set one up from scratch, but if you want to go and buy one, you can.

Q420 **Grahame Morris:** I will share the experience of a previous Committee when discussing the same issue. We had a representative from the municipal bus company in Reading and from Go-Ahead. The experience that we had in Durham was that no sooner had the announcement been made of the successful bid—we don't have any money yet; it is just an indicative indication—Go-Ahead announced the planned closure of 60 routes. The local authority is over a barrel with their ambitious plans, which fit the criteria of improving services, with innovation, new bus lanes, through ticketing and so on, yet the bus company is looking to soak up some of that additional resource, simply to maintain existing services.

I would like to think that the local authority has the option, as well as the carrot of subsidy, of the stick of saying, "Well, we may even consider going down the route of municipal bus companies if you are going to profiteer in this way."

Baroness Vere of Norbiton: I am sure you will submit that evidence when the call for evidence comes along. Of course, that sort of behaviour is not acceptable. We do not want to see those sorts of things from operators. We expect them to talk to the local authority. The local authority can turn around and say, "No, do not cut that route." They can.



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Q421 **Grahame Morris:** They can, but the operator then insists on subsidy to support it, although I think that some of the routes that are proposed to be cut are very well used and very profitable. I suspect it is part of a strategy to secure additional funding.

Baroness Vere of Norbiton: There is a shift of power between the operators and local authorities. What we now need to ensure is that the local authorities recognise that they have a lot more power than they used to have, and they need to get the best outcomes for their local residents. That is what is going to take time to come through, and I really support them in doing what they can to make sure that local operators do not think on a route-by-route basis but think about the network as a whole.

Grahame Morris: There is a real danger, Minister. I do not know whether you agree with me. I listened very carefully to what you were saying in response to earlier questions about assessing how the BSIP money is being used by respective local authorities as part of a joint bid because of many routes being cross-border.

May I move on to innovation, Chair?

Chair: Please do.

Q422 **Grahame Morris:** We have incorporated plans in the BSIP for innovation, some of which you have mentioned, like smart ticketing and an attempt to improve usage by offering discounted fares for younger people and so on, as well as price promotions after 6 or 7 o'clock in the evening. I am worried that some of those that were intended to be carried out with the BSIP money may be lost and then, subsequently, when you are assessing how the money is being spent, you will say, "Well, it was your intention in the bid to do that, yet you have used the money to prop up existing services rather than create new ones."

Baroness Vere of Norbiton: Local authorities know that the money is not to prop up existing services. As I set out, they will have a summary table of exactly what they are spending. One of the things I forgot to add about the summary table is that it is not just about what the local authority is going to spend the money on. It is also what the operators are going to do. The operators have skin in this game. It is up to them to step up. They will be asked to do something too. BSIP money should not be spent on things that you would reasonably expect an operator to do.

Q423 **Grahame Morris:** Could you give us some examples of what the Department is doing to spread innovative practices throughout the bus sector? In particular, where there is a plethora of private operators in an area, what are you doing to support the development of innovation there?

Baroness Vere of Norbiton: Yes. Multi-operator ticketing is the challenge of our times, quite frankly. The risk is that lots of local authorities or groups of local authorities start to develop a back-end solution to try to ensure that multi-operator ticketing can happen easily.



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What the Department is doing is working very closely with stakeholders to develop a technical solution for multi-operator ticketing and automatic revenue apportionment, which would then link to the operators and therefore provide a space for the very complicated, technical elements. We are looking for procurement. That is expected to go out later this year. We will obviously be working very closely with stakeholders, but in this area it is for Government to step in, otherwise we will end up with lots of different technical solutions, none of which will talk to each other and we will never get multi-operator ticketing beyond a very small area, which is not good.

Q424 Grahame Morris: I am very glad to hear you say that the Department is going to be proactive in that regard rather than allowing local authorities to evolve their own systems, which could be terribly costly and duplicate effort.

Is it possible to extend the system already existing in London to areas like mine? Effectively, there are several operators through the franchising system and there is only one Oyster card. The revenues seem to be apportioned in that way. Forgive my ignorance. Is it far more complicated than that?

Baroness Vere of Norbiton: A little bit. Oyster is actually quite an old system. There is an opportunity to provide a solution that is good countrywide. My dealings with Oyster have not been entirely positive. It has done London brilliantly for decades, but if you want to change a fare on the Oyster system it takes six months. We need something that is a little bit more responsive than that. Oyster is great for London, and it works really well. It is not something that I would recommend that we roll out elsewhere. I think there is another way forward.

Q425 Grahame Morris: Mr Fidler, is there anything you would like to add?

Stephen Fidler: There are a couple of things. On multi-operator ticketing, what is important, as the Minister says, is that we are doing this with stakeholders. We are working with the bus operators through a programme called Project Coral. We are working with Midlands Connect at the sub-national transport body level. Transport for West Midlands is involved. We are looking for a solution that they will lead on with us, and which works for all those key parties. That is important and feels very different from anything we have done before, when it was perhaps one of those players working on it.

The other thing I would pull out on innovation is the rural mobility fund pilots. We have 17 of those projects going on across the country. One of the key things we are doing is to try different ways of doing it in different contexts, to learn from that and to pull those authorities together, so that we can work out what kind of demand-responsive innovation works best in what kind of circumstances. We want to pull together that learning in a way we have never done before.

Q426 Grahame Morris: When we were doing a major inquiry into deregulated



bus services outside London, we visited several cities—Nottingham, Bristol and Liverpool. We saw some examples of successful demand-responsive transport pilots in Liverpool. In fact, we arrived on one of their minibuses.

How will the Department judge the success of those, if they are one of the new innovations that you have suggested? The witness from Go-Ahead told us about a demand-responsive pilot scheme that they had set up in Oxford. It could not pick up enough people to be viable and to generate enough revenue to cover the costs. Given that we all agree that those services are a good thing, especially in rural areas, how will the Department monitor their effectiveness?

Baroness Vere of Norbiton: The 17 schemes that are being piloted across 15 local areas are being funded for between two and four years. Once they have finished, we will look at what outcomes they achieved. Did they work? How much subsidy did they need, if any? What sort of people did they pick up and where did they take them?

On Monday, I, too, visited a DRT scheme and went in a minibus. It was in Sevenoaks. What was interesting there was that the DRT operator was operating the fixed routes, operating the minibus and also operating something akin to a PHV service. You could have a £5 ride, you could have a £2.50 shared ride, or you could get your fixed route. They all work together, depending on the time of day and who wants to travel where and when.

We have to start testing that to make sure that we can learn lessons and make it as cost-effective as possible. One of the questions I was asking on Monday is: how do you tell people about it? It is a new thing and probably the people who are most likely to use it are the people who do not really get new things sometimes. Getting them over the hurdle of usage is going to be one of the challenges.

Q427 **Grahame Morris:** I do not have a motor car, Minister, so I rely heavily on the buses. I fully understand how difficult it is. One of the banes of my life is the lack of real-time information. The technology already exists and most buses have GPS monitors on them. Why that cannot be delivered is quite beyond me.

Baroness Vere of Norbiton: It can.

Q428 **Grahame Morris:** It is so frustrating going for a bus and seeing it displayed, and then it does not turn up.

In relation to the directly operated services, I appreciate what you mean about the routes often being very circuitous because they are picking up people from estates and so on, and the operator wants a more direct service. What percentage of existing, conventional services would you see being provided or converted to a demand-responsive service? Is it possible to make an assessment?

Baroness Vere of Norbiton: It is too early.



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Q429 **Grahame Morris:** It would be tremendously variable in different parts of the country, presumably.

Baroness Vere of Norbiton: Of course, yes. It is too early—twirly.

Grahame Morris: Twirly—that is what they say when you get on the bus with your Oyster card before half-past 9.

Chair: We would like to talk about zero emission buses and how we are getting on with our commitment for 4,000 by the next general election.

Q430 **Gavin Newlands:** Good morning, Minister. The Prime Minister made the 4,000 buses pledge nearly two and a half years ago. That represents about 10%, more or less, of the English bus fleet. I have two questions to start us off. Is 10% of the bus fleet enough in terms of a Government target? Why is it taking so long to get those 4,000 on the road?

Baroness Vere of Norbiton: As I think I mentioned at the outset, something that I will definitely be coming back to in my ministerial capacity in the coming weeks is to figure out how we are doing in getting the orders placed. I had a very good meeting with Paul from ADL yesterday or the day before, and we had a very good conversation about this. It is clear to me that we need to have conversations with places that have the funding already, because we have already committed £270 million for 1,278 buses, and find out why those orders are not being placed more quickly. Obviously, we know that there is a relationship with the operator that has to be considered as well. I am very keen that we get those out of the door.

Is 4,000 an appropriate figure? Yes, I think it is an appropriate figure. It can be achieved. My goal now, and my biggest focus, is not only making sure that those orders get to where they should be, but figuring out what we do with the next tranche of ZEBRA funding, which is about £200 million. We must make sure that we continue to boost it, using that money too. There is a lot going on with zero emission buses.

Q431 **Gavin Newlands:** I have made the point a number of times, in the Chamber and elsewhere, about the difference or results so far between zero emission bus orders in Scotland and down here. Why do you think, in comparative terms, the Scottish Government have ordered nearly 5,500 buses, but the DFT has, essentially, only ordered just under 1,700 with the ZEBRA scheme?

Baroness Vere of Norbiton: I cannot comment on Scotland. I am not exactly familiar with how they do their system. It goes back to the point that you are either going to do something sustainable or you are not. Our delivery partners are local authorities and the local bus operators. That, to me, is the right way.

When we were devising the ZEBRA strategy—last year or maybe even the year before; I cannot remember—we considered whether the Government should just buy them and then lease them back to the operators or whatever. We felt that that was the wrong approach. We



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have engaged with the local authority. It is their bid. They have the funding. Now, we have to figure out why they have not put the orders in yet. When are the orders coming and what does the timeline look like?

In terms of who is going to win those orders, of course that will depend on procurement. I have had a long conversation, as I said, with ADL about community benefit and about how we can encourage local authorities to consider the wider benefits. However, we have to act within procurement law.

Q432 Gavin Newlands: I accept the point you are making. In Scotland thus far, essentially, it has been grants direct to the operators rather than through local authorities. While I am very lucky, in that I am a Renfrewshire MP and Renfrewshire has more zero emission buses than anywhere else in the UK outside London, and that is great, sadly a lot of those buses have been ordered direct from China, which is far from ideal.

Would you not accept that perhaps adding a middle man, if you want to put it that way, in terms of local authorities, has slowed down England's deployment of zero emission buses?

Baroness Vere of Norbiton: I think what we have done is created a more sustainable system. At the end of the day, zero emission buses do not operate in isolation. It is not going to be the magic bullet that will solve our decarbonisation of transport in the UK. What is important is that local authorities have bought into this. One of the things that local authorities will have to do as part of their local transport plans is to set out their plans for decarbonisation. If you give money straight to operators and they just willy-nilly go off and do whatever they want, how does a local authority have any control at all over what its decarbonisation plan might look like?

What we are trying to do by incorporating the local authorities is to think much more about a cohesive way of decarbonisation in each local area. The Government can set all the national targets they want, but if you do not have buy-in from local areas you are not going to achieve decarbonisation.

Q433 Gavin Newlands: You have made the point already that a number of local authorities have the funds but still have not placed the orders. How are you going to encourage them to do just that? How are you going to encourage operators themselves, perhaps, to order more? What levers are you going to pull to try to drive us forward? It has been a little slow.

Baroness Vere of Norbiton: In the first instance we will find out what the current timeline looks like. There are always processes that have to be gone through internally in a local authority to spend any money, from a tendering process to procurement and, obviously, the local authority needs to ensure that the operator is signed up and is going to make its contribution. They do not have 100% of the funding for the purchase of the vehicle.



Before we jump to conclusions about this all being so terrible—the funding should have gone out, and orders placed immediately; that was never going to happen—we need to understand a little bit more about where we are and whether there are barriers to placing the orders, or whether it is local authorities, quite rightly, going through the procurement processes and other processes that they need to go through to place the orders.

- Q434 **Gavin Newlands:** I was not in the room, but I am guessing that part of the conversation you had with ADL was about long-term commitment with regard to funding. Thus far it has been piece by piece and it is very difficult for a business to invest without knowing that there is a long-term plan for that investment. Are you considering a much more long-term approach to this than the bit-part schemes that we have had so far? It is the same in Scotland with our various schemes. The manufacturers say that it is not exactly ideal.

Baroness Vere of Norbiton: No, absolutely not. Hang on a second, why are we doing this in the first place? What is the point of using taxpayers' money to buy buses? It is to further our decarbonisation and to encourage the sector to innovate, to get cost competitive and to push costs out of their system in order to produce more volume. What we are trying to do is stimulate the market by providing that certainty and providing a subsidy for a period of time.

What we do not yet have data on, and where there has been a certain reluctance from some quarters to properly share data, is what the total cost of ownership of a zero emission bus looks like. I can have one-on-one conversations sometimes with some operators who tell me that total cost of ownership would be *pari passu* with a Euro 6 in 2024-25. Why would the taxpayer subsidise after 2024-25? The total cost of ownership is the same. That is why there is no long-term plan. You do not want to be throwing taxpayers' money at something that does not need it.

- Q435 **Gavin Newlands:** Fair enough. I did not mean a long-term plan to decarbonise the entire bus fleet. I meant to the end of the 4,000, for instance. It is taking quite a long time for the 4,000 to come out. Perhaps I did not word that very well. In terms of the 4,000, when do you expect 4,000 buses to be on the road?

Baroness Vere of Norbiton: By the end of the Parliament.

- Q436 **Gavin Newlands:** What is a realistic date to expect the entire bus fleet to be decarbonised, whether that is electric, hydrogen or what have you?

Baroness Vere of Norbiton: That is a really good point. It is worth pointing out that the Government are technology agnostic. We would like to see the introduction of hydrogen buses, and indeed have supported that in the West Midlands.

When we do our response to the consultation on the phase-out of the sale of new diesel buses—the consultation closed in May and we are



looking at the responses now—we will also set out an expectation of what we think is a reasonable date for total decarbonisation of all buses.

Q437 Gavin Newlands: Do you intend to introduce ringfenced funding to support zero emission bus charging infrastructure? I do not know if you have visited the UK's biggest rapid charging bus infrastructure at First Bus in Glasgow. I visited McGill's charging infrastructure in Renfrewshire. Is that something you are thinking about at this point in time, or not?

Baroness Vere of Norbiton: No, not at this point in time. Obviously, at the moment charging infrastructure is eligible for ZEBRA funding as well. Again, I would argue that in due course the vehicle purchase and charging infrastructure purchase will all be about the total cost of ownership, which will fall. It is worth mentioning the business rate exemption on plant and machinery that is related to renewable energy generation storage. I think that is helpful. It amounts to 130%. There is also 130% capital allowance for investment. Those are two things you will be looking at if you are somebody who is going to invest millions of pounds, and think, "Yes, that really helps to get a good return on my investment."

Q438 Gavin Newlands: I have two quick last questions. Zero emission buses are a much more straightforward solution for metropolitan areas, and London led the way. For rural areas it can be problematic. What are the Government doing in that regard?

Baroness Vere of Norbiton: This takes us to hydrogen where we have been watching developments very carefully. As I said, we have already invested in 124 hydrogen buses in Transport for West Midlands. There is other roll-out of hydrogen already happening. We invested £11.2 million in the development and manufacture of low-cost hydrogen fuel cell technology buses and we have a centre of excellence at Wrightbus.

In terms of hydrogen in general, one of the things that concerns me is that it cannot be single sector. It works properly where you have renewable energy, a place to put your electrolyser, good storage and loads of sectors that will use the hydrogen. We are beginning to see people think about that. I was talking to someone yesterday who is at Hinkley Point and they are thinking about how they can do it there. I am thinking about it for the lower Thames crossing. When building the lower Thames crossing, we are looking at using hydrogen and utilising JCB plant or other people who have hydrogen plant. You can then link that up to Tilbury Docks, to HGVs and local buses. Often, a major infrastructure intervention will drive a local area of hydrogen usage. It has to be built up from scratch, and often that only happens if you have a major infrastructure intervention.

There is loads of good stuff going on in Tees Valley about hydrogen. My solution for rural at the moment is hydrogen. I think we are leaning into it as hard as we can, but recognising that we want the private sector to take charge.



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Q439 **Gavin Newlands:** Thank you. I am sure it has already come up, but patronage has obviously been an issue. In London, patronage has been declining for some time on buses, massively exacerbated by the pandemic. Surely, it must be part of the Government's plan for decarbonisation objectives to drive modal shift from the private car to buses. How are you going to do that? One of the things in Scotland is free bus travel for under-22s and trying to get people used to being on buses so that they form the habit. I know that you are not going to follow that, but what is your plan to drive patronage and modal shift?

Baroness Vere of Norbiton: This is probably something that we could go into in great depth, which I will try very hard not to do. In driving patronage back to bus, it is important that people see that they have a good and viable option, and that they are aware of it. In the national bus strategy we committed to working with industry on an industry-led marketing programme. That has not come to fruition yet. We are still working with industry, but it is in process.

There is a lot that we can do in trying, at least through our own channels, to promote bus and encourage people to do it. At the end of the day though, nobody uses a bus because they love a bus. They use it because it gets them where they want to go quickly and efficiently. Putting in the sorts of interventions that we are going to do, with bus priority and so on, is how you get people to use buses.

Q440 **Gavin Newlands:** Grahame Morris loves a bus.

Baroness Vere of Norbiton: He does; we know.

Q441 **Mr Bradshaw:** I love a bus as well because you can actually get on and do work, which you cannot if cycling or driving, which I never do. Minister, have you seen the wonderful scheme in Germany where you can go anywhere on public transport for a month for €9?

Baroness Vere of Norbiton: I have.

Q442 **Mr Bradshaw:** Is it completely unrealistic that we might mirror such an imaginative, forward-looking and radical scheme as that to help public transport recover from the pandemic and do something about carbon? Come on.

Baroness Vere of Norbiton: I have indeed seen the scheme in Germany for €9 per month. I have seen the scheme in Ireland where there is a 20% discount. Clearly, we have to consider how much funding we have available and what the appropriate outcomes are for that funding. For Germany, it is available, I think, for three months and then it will come to an end. It is a short-term intervention. It is a very nice thing. Well done them. It will be interesting to see what the outcomes are from that. Should any further funding become available, we would look very carefully at what we could do to help.



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As I said earlier, a lot of local areas and a lot of bus operators are doing some lovely interventions themselves. There are all sorts. I think there was free travel from Transdev over the jubilee weekend. I do not want to quell the enthusiasm of operators to come up with their own schemes, but it is not something that I would 100% rule out should any funding become available, which, as you know, is not necessarily a certainty.

Q443 **Chair:** I want to come back to the cost and delivery of the zero emission buses. We were told that the cost for one operator was £460,000. How much of that is provided by the Government if it is part of the 4,000 zero emission bus strategy?

Baroness Vere of Norbiton: It would all have been set out and worked out in the bid. It depends how you calculate it, Chair. Sometimes what happens is that people end up putting in the cost of the charging infrastructure as well as the buses, and then they take the big number and divide it by the number of buses. Actually, it has loads of charging infrastructure in there as well, so it is not really the cost per bus. I think we look to support, as a general figure, something around 75% of the difference of the cost between a Euro 6 and a zero emission bus.

Q444 **Chair:** That is 75% of the differential between a conventional bus and a zero emission bus.

Baroness Vere of Norbiton: Yes.

Q445 **Chair:** What is the trigger point for the order being made? Is it the bus operator or indeed the local transport authority deciding to order the bus, or is it something that the Department triggers?

Baroness Vere of Norbiton: No, it is not something the Department triggers. The local authority will order the bus when they are ready, but obviously it will require the operator to be ready. It will require all sorts of things. For example, imagine if you had to get electricity infrastructure put in place such that your charging works. There is no point ordering buses if you are literally going to have them sitting in a garage for two years because you are still waiting for the electricity supplier to put in a new service.

There are many things to consider. That is what I am saying to the Committee today. We now need to get a better handle on that. If there are things that are stopping it—I am not saying that there are—I just want to check 100%.

Q446 **Chair:** We have received evidence that because of the current challenges, not least driver wages going up, operators were not necessarily as enthusiastic to renew their bus fleet as perhaps they may have been previously.

Baroness Vere of Norbiton: Again, I am not aware of those two things particularly—driver wages versus whether or not you renew your bus fleet. It will clearly depend on how old your current bus fleet is and where



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you are in the country. We will have to look at it. If I am going to be frank, which I always try to be, it is inflation.

Q447 **Chair:** Of course, that is another challenge.

Baroness Vere of Norbiton: It is beholden on us now to make sure that we have lifted the lid there. I would have expected more orders. Therefore, what is the problem?

Q448 **Chair:** That leads me to my conclusion. Given that it is the bus operator that triggers the order and decides whether to order or not, and given that we do not know when the next election is, how can we say that 4,000 zero emission buses will be delivered by the next election? The delivery is out of the Government's hands, yet they set an ambition that they are not in charge of.

Baroness Vere of Norbiton: No, I do not think that is quite fair. When we got the bids for ZEBRA, everything was very clear as to exactly how many buses, when they would be ordered, and so on. It is a question of making sure that those things are happening. I do not have that analysis with me right now. If I can speed them up a bit as well, that is something we should definitely look at and it may well be beneficial.

Yes, you are right that if the election was tomorrow we would not have achieved it.

Q449 **Chair:** I appreciate it was not yours, but someone has set a target and they are not in control of its delivery.

Baroness Vere of Norbiton: Look, it is an expectation. It is a target and an expectation, but clearly all sorts of things can happen, such as the date of the election. Events happen, but there is an expectation that we will have 4,000 zero emission buses. I am absolutely committed to that.

Q450 **Chair:** There is only one way to find out.

Baroness Vere of Norbiton: There is.

Chair: The final section, for the last 10 minutes, is over to Ruth Cadbury about recovery after the pandemic.

Q451 **Ruth Cadbury:** Thank you. We have touched a bit on this. Recovery funding will end in September this year, yet we have heard a lot of concerns from operators and local authorities that it will be needed for longer than that because passenger ridership and bus service routes will not be back as they were. Do you expect services to be cut? If so, what types of services and where?

Baroness Vere of Norbiton: This is the point I was referring to earlier. We need services that match the level of patronage we have. We have seen scarring in patronage. Different areas will have different ideas. In some areas, patronage will be back to nearly 100%. They will have great expectations as to what is going to happen with their local economy. They will be working with their local bus operator to improve services



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because they are going to need more services. For them, things are looking very positive from a bus perspective.

There will be other areas that have had greater levels of scarring, particularly with older people. People on concessionary fares are not travelling as much as they used to. I used to think it was because they were concerned about the risk of Covid. It is not. It is because they have learned how to do online shopping and they do not need to get out as much.

We can sit here and say that services need to go back to exactly how they were pre-pandemic, but why would you do that? Patronage is not as it was pre-pandemic. Different people need to go to different places at different times of the day. Leisure ridership has gone up. Commuter ridership has gone down. There are different things.

Q452 Ruth Cadbury: What exactly are the Government doing to forestall or mitigate that. Do the Government not have any policies around things like isolation, access to public services and so on? If you live in a rural village and you are used to being able to get to the doctor on a particular day a week and now you cannot, is that an issue of concern to Government?

You seem to be saying that we have to accept that patronage will decline and that we do not need to provide for that. The diagram in your strategy is about putting more in and having the green circle so that you increase bus patronage, rather than the red circle, which is about decline. What are the Government actually doing to forestall and mitigate what they believe are essential services?

Baroness Vere of Norbiton: Interesting. Forestall or mitigate it until when? Essentially, what you are saying is, why are we not subsidising pre-pandemic services forever? What do you think is going to happen or change?

Q453 Ruth Cadbury: What is the vision of bus patronage in England outside London from the Government?

Baroness Vere of Norbiton: The vision has always been as it was set out in the national bus strategy: to return bus patronage to where it was pre-pandemic and then increase it. That remains our vision, but patronage and services roughly have to match up. You cannot have one significantly out of kilter with the other. We have always said that we would support the sector to recover so that we get back to some sort of what we would regard as steady-state, post-pandemic patronage. We are doing that until the beginning of October. We have put in the service level agreements, which you will have seen.

I have said this previously. In that time, local authorities need to do a network review and talk to their bus operators. This is just a continuation and a consequence of discussions that are already happening. It is a fairly light-touch thing. They need to talk to their local operators and say,



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"Look, we are coming to the end of the recovery funding. We know where our patronage is. We know where it has come back and where it has not come back. What do we now do to our network to achieve something that has long-term sustainability in it?"

Q454 **Ruth Cadbury:** You said that ridership has changed because more pensioners are shopping online and that there are other subsidised buses or routes that have increasingly become unviable, such as evenings and weekends on the edge of cities and so on.

Baroness Vere of Norbiton: I do not know that that is the case, by the way, but yes.

Q455 **Ruth Cadbury:** Which sort of services do you expect to be cut in order to allow for the change that you are describing?

Baroness Vere of Norbiton: That is not something you control from Westminster. The whole point of the national bus strategy is that the local authority makes those decisions with the local bus operator. You said the edge of cities in the evening. I have no idea. Some edges of cities have come back 200%; other areas are 40%. It will have to be a local decision because it is local action.

Q456 **Ruth Cadbury:** We have had a lot of evidence, as you know, from bus operators that previously commercially viable services are now no longer. The local authorities, as we have already said, do not have additional funding.

Baroness Vere of Norbiton: They have funding though, right? You accept that.

Q457 **Ruth Cadbury:** They have less funding to do more across all services.

Baroness Vere of Norbiton: But they do have funding.

Q458 **Ruth Cadbury:** Yes, but they have less funding and more pressure on their services, as we all know. Is that a discussion you are having with local authorities and bus operators about previously commercial services that are no longer?

Baroness Vere of Norbiton: That is a discussion for the local authority to have with the local bus operator, taking into account a network perspective for all of their services in the area, and taking into account that these two people are about to get into bed together in an enhanced partnership and will have to work together for quite some time. It is therefore in everybody's interests to reach a good agreement locally, such that they can then build on with the interventions from the national bus strategy.

Q459 **Ruth Cadbury:** Are you considering any changes to the English national concessionary travel scheme?

Baroness Vere of Norbiton: Are we considering any changes to it? We have already covered the guidance that is in place until the end of April,



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but we will conduct a review of the annual concessionary reimbursement guidance and calculator, which will focus on a change to travel patterns. We will do this at the end of 2022 and early 2023. Is that helpful?

Chair: It is. Thank you.

Q460 **Ruth Cadbury:** Thank you. I don't know if it was something I said.

Baroness Vere of Norbiton: It was something I said.

Chair: It was something the Minister said.

Q461 **Ruth Cadbury:** I will now move to London, which we have to ask about if we are talking about buses even though—

Baroness Vere of Norbiton: It is not in the national bus strategy, but there we go.

Q462 **Ruth Cadbury:** No, it is not in the national bus strategy, but it is very important to however many million Londoners, and visitors and MPs. Before the pandemic, 30% of TfL's income came from Government grant and the rest from fares, but Covid meant a 90% drop in ridership, which, of course, massively affected income.

The DFT has provided another 19 days' funding deal, but unless there is revenue support until April next year, as well as capital funding to modernise, TfL says that there will have to be an 18% cut in services or 100 routes. Do you think, Minister, that that is acceptable for our capital city?

Baroness Vere of Norbiton: I was not expecting to answer questions on TfL today.

Q463 **Ruth Cadbury:** You spend a lot of time on this issue.

Baroness Vere of Norbiton: I spend more time than I had ever wished for thinking and talking about TfL, understanding their finances and understanding—I am going to be frank now—quite how fortunate London has been during this pandemic and quite how many billions of pounds have been given to London for quite reasonable asks which have not been fulfilled.

I ask people in London who sit there and demand billions and billions of pounds more to look at what they are asking for, versus what the rest of the country is getting. I am sorry, but at the moment it is all London, London, London. We have heard it before. It is outrageous.

Q464 **Ruth Cadbury:** London is—

Baroness Vere of Norbiton: I know what you are going to say because I have heard all the arguments. You are going to say that it is the only place with positive GVA, la, la, la. I get all that. That is why we are funding London to the tune of £5 billion already.

Q465 **Chair:** What were your reasonable asks that you do not believe have



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been met?

Baroness Vere of Norbiton: Pensions. That was literally signed up to twice. Dragging feet. The report on pensions was ready on 31 March. There were 17 recommendations in that, or some huge number. It was agreed that a way forward, an implementation plan, was to be provided to the Department, along with a clear indication of what the next steps would be. Nothing arrived. Savings. Nothing arrived.

We have to get to a situation where we recognise that London post pandemic is different from London pre-pandemic. It is really important that we recognise that. I completely accept that. What we cannot have is a situation where we have some people standing there going, "Just give us some more money. We don't have to do anything in return. Just give us some more money."

Q466 **Ruth Cadbury:** That's not true.

Baroness Vere of Norbiton: Then, when we say, "Oh look, there are certain things that you might want to do,"—trust me I know so much about TfL's finances and about where savings could be made—whenever we suggest that, it is "the evil Tories making me do stuff." It is insane. We have to reach an agreement.

Q467 **Chair:** On that basis, why don't you just withhold funding until they do what you think is reasonable to do? That would be one way of dealing with it. That is not a political point at all. It is more a business point.

Baroness Vere of Norbiton: Obviously, no options are off the table. What we have done at the moment is that short extension where the revenue top-up stays in place but there is no further capital funding. That is where we are at the moment. Obviously, we are working very hard with stakeholders to set out exactly what decisions are going to be taken to recognise that London post pandemic is not the same as London pre-pandemic. You cannot have endless support for literally nothing in return.

Q468 **Ruth Cadbury:** London is the only capital city in the world without any revenue funding support from its national Government, because of its role in the nation.

Baroness Vere of Norbiton: But it gets massive amounts of capital support.

Q469 **Ruth Cadbury:** There are no massive amounts at the moment, as I understand it. Will you, Minister, encourage your Secretary of State to accept the invitation to meet the Mayor that is outstanding since May 2021? The Mayor has been trying to meet Grant Shapps since May 2021, and your Secretary of State has not met him. Could you encourage that meeting in order to carry on the dialogue that you say is needed?

Baroness Vere of Norbiton: This is my favourite thing about London. Whenever there is nothing to say, someone says, "Have a meeting." I get it on Hammersmith Bridge all the time.



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Q470 **Ruth Cadbury:** There is plenty to say.

Baroness Vere of Norbiton: "Minister, Minister, have another taskforce." What is there to say? This is my point. We will, of course, have a meeting when there is something to say. However, I had a meeting the week before last with the Deputy Mayor. Seb Dance and I sat down and had a discussion. He had nothing new to say.

I am not entirely sure what the Mayor of London is actually going to say when he comes to this meeting because there is no indication that there is anything new to say, apart from, "Please can I have some more money and I am going to blame you for anything that I have to do in return?" That is it.

Q471 **Ruth Cadbury:** Why is your relationship with London so different from what you have been describing today as your relationship with local authorities and bus operators in the rest of England? This is just political games.

Baroness Vere of Norbiton: No, it is not. Can I respond to that question?

Chair: Please do, yes.

Baroness Vere of Norbiton: It is a really important point. I have a really good relationship with Andy Burnham, with Steve Rotherham and with Tracy Brabin. We do not agree on everything—of course we don't—but, do you know what, we can have good conversations and we can talk openly and it will not then end up in the media the next day.

The situation that we have got to with the Mayor of London is the destruction and the chipping away of trust over a very long period of time. We had the Crossrail announcement which came out of nowhere. We had the very strange situation last Friday when we had sent over a draft letter about the extension, and all of a sudden it was in the media. Hang on, this is market-sensitive information and all of a sudden it is in the media. How can we have a relationship where we are trying to agree a simple extension, and all of a sudden there is a 6 o'clock press conference: "It's all so terrible. I want more money and it is all your fault"? It was a simple draft extension letter and it got blown up.

I am going to be honest with you. When I spoke to Seb Dance I said, "Look, let's reset this relationship. It is really important. You and I can get on really well. I used to get on really well with Heidi Alexander. You and I can get on really well. Let's just try and get through this together because that is exactly what we need to do. I hope you can take this message back. Let's go for one last chance to reset the relationship," and then last Friday happened.

Q472 **Chair:** After that the letter got leaked to the press.

Baroness Vere of Norbiton: Yes. I just thought, "Okay, I gave you a last chance."



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Q473 **Ruth Cadbury:** Londoners need to rely on decent bus services if people like me do not go back to our cars.

Baroness Vere of Norbiton: I agree.

Ruth Cadbury: We know what the consequences of that will be. It does not just affect London. Grahame has a question.

Chair: Very last question.

Q474 **Grahame Morris:** Thank you very much, and thank you for your time, Minister. It is in similar vein, but it relates directly to the national bus strategy. Both you and Mr Fidler said that it was not set in stone and that it was a dynamic document. You said the Department is consulting stakeholders and responses are coming in.

On page 78 there is a section about driver numbers. The Committee is aware of issues around driver shortages. We have seen this on some of our visits. Some areas are poaching drivers from other areas by offering higher wages. In the spirit of "it is good to talk", do you think, Minister, that the bus strategy has done enough to address the recruitment and retention problem, particularly of drivers in the sector?

Would you consider establishing a national forum, as previously recommended by the Transport Committee, to be made up of bus operators, Government and trade unions to help underpin the strategy and talk through any issues or potential problems? It might be the pandemic, zero emission buses or any number of things. Do you not see a value in establishing such a forum?

Baroness Vere of Norbiton: Obviously, we already have a number of ways that we engage with our stakeholders, all sorts of them. In terms of the driver numbers itself, it is something that I have been keeping an eye on all the way through. It is something that has concerned me. We got DVLA to prioritise both HGV and PSV licences. Those are now back to normal. Indeed, all paper licence applications are back to normal at DVLA, I am delighted to say. On testing, we did work with DVSA so that we have been able to massively increase the number of tests available as well.

Q475 **Grahame Morris:** I understand that, Minister. That is the process of getting the licence. A number of companies in a number of areas are reporting that it is difficult to recruit the requisite number of drivers, partially because some bus drivers are retraining as HGV drivers. We did an inquiry into logistics chains. There are pressures. The unions obviously argue that the wages are not enough to attract and retain drivers. Is there not a case to look at establishing a forum, be it ad hoc or otherwise, to discuss these issues and see if there is a common way forward on a collaborative basis?

Baroness Vere of Norbiton: I do not feel that I am lacking information in this area. I do not really want to set up another meeting or forum to do that. It is the case that we are having conversations with the bus



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operators and the representatives of bus operators. Bus operators have historically been rather better than the HGV sector in terms of diversification.

What can the Government do? The Government are not going to intervene in pay and conditions in the bus sector. Absolutely not. That is not our bag. What we can do is work with DWP and ensure that potential trainees, and indeed bus operators, are pointed towards the apprenticeship that we have, which is £6,000 for the public transport driver apprenticeship. There are lots of things we can do, but we are not going to get involved in the private market of bus drivers. If there are specific ideas you have that I can do to help, I am happy to do that.

Q476 **Grahame Morris:** I respectfully point out that the RMT trade union—Unite is the biggest trade union in this sector for bus drivers—carried out an extensive survey of their members. There was a high response rate; 94% said that recruitment and retention of bus drivers was becoming more and more of a problem. Please don't think that is resolved. You may be getting different messages from private bus operators.

Baroness Vere of Norbiton: I am sure the operators would agree. Obviously, the unions are going to say that, but the operators would probably agree as well.

Q477 **Grahame Morris:** That is what the survey says.

Baroness Vere of Norbiton: I am sure we all agree, yes.

Grahame Morris: Thank you very much.

Q478 **Chair:** You referenced our 2019 report. We also made a recommendation about socially and economically necessary services, on which we were delighted to see a positive response. Is guidance likely to be issued on what that could be?

Stephen Fidler: We are still working on that and on the timescale for it, but the plan is absolutely still to do it.

Chair: I am sure we would welcome that. Excellent. Thank you so much for all of your time and evidence, Minister and Mr Fidler. We look forward to putting our report together and sending the recommendations over. You have always been very positive about our recommendations, so we hope that we will continue in the same vein. Thank you both again.