



Transport Committee

Oral evidence: Reforming public transport after the pandemic, HC 676

Wednesday 10 February 2021

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[Watch the meeting](#)

Members present: Huw Merriman (Chair); Ruth Cadbury; Lilian Greenwood; Simon Jupp; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 130 - 224

Witnesses

I: Andrew Carter, Chief Executive, Centre for Cities; Sarah Kendall, Commissioner, Independent Transport Commission; and Professor Michael Waterson, Centre for Competitive Advantage in the Global Economy, University of Warwick.

II: Rt Hon Norman Baker, Adviser to Chief Executive, Campaign for Better Transport; Alistair Hands, Commercial Director, Arriva UK Bus; and Graham Vidler, Chief Executive, Confederation of Passenger Transport.

Written evidence from witnesses:

- Arriva ([REF0091](#))
- Campaign for Better Transport ([REF0060](#))
- Confederation of Passenger Transport ([REF0026](#))
- Independent Transport Commission ([CIT0238](#))



Examination of witnesses

Witnesses: Andrew Carter, Sarah Kendall and Professor Waterson.

Q130 Chair: This is the third session of the Transport Select Committee inquiry on reforming public transport after the pandemic, which we launched on 24 July. After two general sessions, we now move on to transport sector specific sessions, starting with the bus market.

As an overview, the session will examine the challenges the pandemic raises for buses in the long term as the country recovers from the pandemic, and in the short term. We will examine the immediate steps the Government need to take to support the recovery of bus services; how the pandemic has affected the ability of the Government to deliver their existing commitments, such as the commitment to deliver 4,000 zero-emission buses during the term of this Parliament; and the priorities and policies that need to be reflected in the national bus strategy for it to be a credible response to the immediate and long-term challenges now facing bus services outside London. That is a bus strategy that this Committee has called for in the past and is very keen to see published.

We have two panels. The first panel is made up of members of think-tanks and academics. I will ask them to introduce themselves.

Andrew Carter: Good morning, Chair. I am the chief executive of the Centre for Cities.

Sarah Kendall: Good morning, everybody. I am a commissioner with the Independent Transport Commission, which is a policy think-tank covering land use and transport issues.

Professor Waterson: Good morning. I am a professor of economics at the University of Warwick, now emeritus. I have researched transport issues. I was on a Competition Commission inquiry some years ago on buses outside London.

Q131 Chair: Welcome and good morning to all three of you. Thank you very much for being with us. We are really keen to get your thoughts from an academia/think-tank perspective as to how the bus service market can improve and indeed recover.

We have six sections. I will start with the first, which is the impact of Covid-19 on bus services across England. Bus journeys understandably plummeted across England during the first national lockdown and only returned to 60% of pre-pandemic levels prior to the current lockdown. What immediate challenges face local bus services in cities, towns and villages across England as a result of the pandemic?

Professor Waterson: We have to think of this, not in a holistic way but as different parts of the bus service. For example, in rural areas a significant proportion of buses are contracted by local authorities. The local authorities obviously have to make decisions as to how they continue to support services, alongside other pressures on their finances.



HOUSE OF COMMONS

There will be a tendency, I would suggest, for local authorities, seeing buses not much used at the current time, to think that they can cut back still further in rural communities. That is potentially problematic. For many people in those communities, the bus is their lifeline to bigger towns and cities.

In more urban areas, most services are commercial. Maybe only 5% or 10% of them will be local authority supported, so the bus companies will be making decisions, maybe in consultation with local transport organisations, as to what they are going to do. The bus companies are obviously driven by commercial considerations. Given the current state of transport, once support for services disappears, they are likely to cut them back severely. We will probably see—indeed we have seen—some bus companies go out of business altogether.

Both of those scenarios are worrying, but they are rather different from each other.

Q132 **Chair:** Ms Kendall, do you have the same concerns as Professor Waterson?

Sarah Kendall: Building on those comments, it is important to note that social distancing requirements constrain capacity by about 50%. That is a big issue whether it is a supported service or a commercial service. I leave others to speculate on how long those social distancing requirements might continue to apply, but that is a big constraint.

There has also been a very clear drop in demand, down to about 50% of previous levels during the first lockdown. Currently, depending on routes and areas, it is about 25% of previous demand. Bus companies, however they are funded, face a challenge in terms of some of the public messaging that has implied that the bus is not safe. We need to reflect on how demand is built back up, whether there is a 50% cap because of social distancing or not. We have been messaging that the private car is safe, implying that bus and trains are not. There is a messaging challenge as well.

Q133 **Chair:** Mr Carter, we were shown a graph that showed the gap between demand and supply. It has never been greater right now since the start of the pandemic [*Inaudible.*] back in autumn. [*Inaudible.*] how to fit enough people on the buses while observing social distancing. That is a challenge that does not exist. Do you think that shows that the demand will come back?

Andrew Carter: You have highlighted the big issue in many respects, Chair, which is the uncertainty of the recovery of our urban areas. We saw very large falls when the pandemic hit, and then obviously restrictions came in of 75% to 90%. We have seen some recovery across our urban areas, but it has been slowest in our big urban areas. In our biggest cities, public sector passenger usage is less than 50%. It is higher in some places.



There is a big uncertainty around the recovery, and there are three factors that we need to keep an eye on when we think about recovery. The recovery will drive demand for bus usage and public transport usage more generally. One is the performance of places before the virus. Some places were struggling before, and the pandemic made it worse. The ability for them to recover means there is a double impact in some respects.

The second factor is the ability to work from home. It was relatively low before the pandemic across the economy. It has gone up to 50% or 60% in many places during the pandemic. We genuinely do not know the degree to which those behaviours will stick. I do not think it will be anywhere near 60%, but it may well be more than it was before the pandemic, which was roughly only around 5% to 10%. The ability to work from home is really important.

The third consideration we need to factor in—because people will factor it into their decisions—is the likelihood of future restrictions. That is not just the frequency, but the severity. Every time, unsurprisingly, we have gone back into forms of lockdown, public transport usage has dropped. If they continue to be frequent and severe, passengers will not come back. The confidence that we need to instil in them will obviously take longer to come back.

There are three things, but the big question is about the nature and shape of the recovery of our urban areas, particularly our big urban areas. That ultimately drives demand for transport, in particular, buses.

Chair: Thank you very much indeed for the opening answers. It gives us a good start to delve deeper. We are going to go into the second section, which is on home working and online shopping, following on from Mr Carter's point about whether there is a permanent reduction in demand for buses.

Q134 **Greg Smith:** Good morning to all the witnesses. As the Chairman just said, home working is obviously a massive consideration when looking at the future of bus services, as are the changing trends in the way people shop. Clearly, through the lockdowns, there has been a big increase in online shopping for home delivery. We know from the written evidence we have seen that bus use is traditionally very high when it comes to people going down to their local high street and shopping in local stores, which certainly I, and I would imagine pretty much everybody, want to see rekindled after this.

Mr Carter, you have already touched on the potential impact of home working, but how does the modelling need to change within the bus industry? Is it the case that there should be hope that the number of people wanting to take a bus to work recovers and that the number of people wanting to go and support their local high street recovers, or should there be a different set of modelling for future bus use? For example, the chief executive of Stagecoach has said that, if the trends



HOUSE OF COMMONS

during lockdown continue, there is no reason why buses cannot take a bigger slice of the pie on other journeys. Where should the bus industry be doing its modelling right now? Is it recovery of old trends or having to get into new trends?

Andrew Carter: Thank you. It is a great question. There is genuine uncertainty. If anybody is very clear at this stage about what is going to happen, we should treat them with a degree of scepticism because we just do not know. Cities are doing that modelling. It is not just bus companies that need to do it. The Urban Transport Group have been working with their members around different scenarios. That is the key. It is not trying to get the definitive number, but we need to do much more scenario work where we are trying to plot things out.

If working from home sticks, people will be in and around their locality more. That may well reduce more frequent commutes, but it might induce longer commutes because people will move further away from work and travel less frequently. It seems that when we went into lockdown, while mobility dropped off pretty rapidly, by October people were moving around as much as they were before. They were not using public transport as much. They were using private transport. They were moving less and were not going as far, but they were still coming out and moving around within a 10-kilometre band of where they live.

There is a great degree of uncertainty. Therefore, I think we need some more scenario work to understand what that might mean, not just for the totality of trips but the share, as you said, and what is going to be taken up by bus versus rail, versus tram, versus walk, versus cycling, versus cars. It is a deeply uncertain situation, which we will touch on when we get to the questions about the bus strategy.

Q135 **Greg Smith:** Thank you. Sarah, do you have a view on that?

Sarah Kendall: Yes. It is important that we look back before we look forward. What we are seeing in the pandemic is largely an acceleration of trends that were already there, both in bus demand and in those purpose issues. Clearly, bus demand, particularly outside London, has been falling. The use of local bus for shopping fell by about 25% between 2009 and 2017. Online shopping comes into a declining market. Similarly, on journey purpose around working, in some sectors such as rail that had gone up, but, again, in bus there had been a decline in that area.

Online shopping is still a small percentage of total shopping. We have clearly seen some massive changes, but we are still at around 30% of retail sales. We need to be careful to link it to the nature of our towns and cities, the high street offer, and shopping as an activity that has social as well as economic benefits.

On home working, if we look at who is on the bus today, they are people whose work requires that they travel. Many of us on this call today are in the fortunate situation of being able to work from home, but a number of



HOUSE OF COMMONS

those who are on the bus now are people who do not have that choice. Commuting journeys are a very small percentage of bus. It is important that we understand that bus had been reducing in its traditional markets, with fewer users, prior to the pandemic. What we seem to be seeing now is an acceleration of those trends.

It is important in the bus strategy to think about what we need to deliver, and which are the segments that do not have bus access and are struggling now, in order to take a wider view on accessibility. I think that home working will continue for those who are knowledge workers, but if you are a hospital porter, a cleaner or working in a pub, you need to be making transport journeys.

To your specific point on modelling, it is important that we get into the granularity and understand the detail of which segments are continuing to grow and which segments of the bus market are declining.

Q136 Greg Smith: Do you think the bus industry has an active role to play in encouraging people back to work post pandemic, once everybody who is vulnerable to losing their life to this disease is vaccinated and protected? Can it break the trend of home working and encourage people to actively go back to an office or a workplace environment, even if they could work from home? I have a general view that it is better to be around other human beings. Do you think the bus industry can actively play a role in encouraging people back?

Sarah Kendall: I absolutely do, but I see it as very much a partnership between the funders, the bus companies and other organisations like employers. We can look at areas where, for example, demand-responsive transport has been trialled. Stagecoach has been doing some work in the north-east looking at services feeding into hospitals. Obviously, hospitals are used by patients and customers, but they are also big employers. There needs to be a partnership between employers and bus companies, particularly if we are looking at different work patterns. It also needs to link to things like car park charging. Why do I object to paying a bus fare, but I am perfectly happy to pay a fiver to park my car?

There needs to be a holistic view. We also need to think about who funds what—this may be getting more into the strategy. If an employer is not going to use a massive car park, maybe it could be put to some other purpose. It is looking at the complete picture of who gets value out of the bus journey. It is not just the user. Engaging with other partners is really important.

Q137 Greg Smith: Thank you. Professor Waterson, do you have a view?

Professor Waterson: People talk a lot about home working, but of course it varies a lot by area of the country. Some areas are still much more heavily involved in manufacturing, and that necessarily requires people to go to the factory or wherever to work. We are likely to see differing patterns. We are all familiar with London, which is much more



HOUSE OF COMMONS

into knowledge working than manual working than most areas of the country.

To give a local example, there is a big problem at our local hospital with parking. People queue to park at the hospital. That is partly because the bus services do not fully reflect people's journeys to the hospital, so they are only used by a small minority. It seems an obvious issue that can be solved. Why does the hospital have to have a vast car park with people queuing to get in, and people directing traffic to try to get them into the hospital on time, when buses could do that much more efficiently?

Q138 Greg Smith: On the point about the split between London and other parts of the country—obviously, the London bus is pretty iconic worldwide, which is why I pick on London—it is very easy to just hop on and off a bus in London. They are very frequent and, certainly in central London, bus stops are very close to tube stations and so on, whereas in my patch, in rural north Buckinghamshire, you really have to think about it if you want to catch a bus. You need to time it right and put in a lot of effort.

There is already a two-tier bus service across the country, but do you think the home working and shopping trends risk exacerbating the trend whereby London, Manchester and Birmingham—the big cities—have good bus services, but will be challenging in rural communities and smaller towns?

Professor Waterson: Yes, I think they will. I do not know Buckinghamshire myself, but in an area like Shropshire, bus services are pretty few and far between, hourly at best. If the local authority decides to cut that back to two-hourly, it is a big decision to make as to whether to get the bus.

One advantage in London, which is not an advantage outside London, is that the bus service is deliberately related, as you say, to the underground. People can get the bus to the tube station or the train station. There is no incentive to do that outside London. Buses run regardless of trains or other rapid transit. When you get competition, it is largely not useful for people who are paying to travel. If they get one company's bus on the way in, they have to wait for the same company's bus on the way back unless they have bought some all-singing, all-dancing ticket. The system outside London is not really conducive to integrated transport.

Q139 Greg Smith: Thank you. I encourage you to get to know Buckinghamshire after lockdown. Waddesdon Manor is a great day out and you can get a bus from Aylesbury. I see that Sarah wants to come in, and then, mindful of time, I need to hand back to the Chair.

Sarah Kendall: I want to highlight the point about information. In our big cities, it is very easy to get information about when the next bus is due. Is it on time? What time will I arrive? Typically, in more rural areas all of that information—how do I get from A to where I actually want to



HOUSE OF COMMONS

go—is much harder. In the bus strategy, we need to consider how we get information about journey opportunities so that people can manage their journey successfully.

Chair: Thank you. My apologies; I think my audio had been breaking up. Perhaps you could give me the thumbs up if I am sounding okay.

Mindful of time, in seven minutes we will be halfway through and we have not finished the second of six sections. I know that Lilian and Chris want to come in on this.

Q140 **Lilian Greenwood:** Good morning, witnesses. I have two questions. This is directed in the first instance to Andrew. In terms of scenario planning, what sort of work are cities doing? It occurs to me that if home working and online shopping are increased and if that sticks, potentially people might use their leisure time differently if they are at home a lot of the time.

We also have other changes coming in like clean air zones that have perhaps been delayed. What scenarios are towns and cities thinking about that are not really related to the pandemic but are also changing?

Andrew Carter: It is a great question, Lilian, and you know the answer better than I do in many respects. Lots of them are doing that. For example, I know that work has been done for the Urban Transport Group, the big metropolitan transport authorities, modelling different scenarios for recovery from the pandemic. I am sure that if they have not submitted that already you can get more information on it.

At the minute, it would be fair to say that when you talk to cities there are so many uncertainties and complications that doing lots of detailed work is not a good use of their time. They have their ambitions, but they are still trying to get some grip on what the current patterns are and where we might recover; they are still in that phase. That connects to Sarah's point.

All our places in various ways were challenged before the pandemic. Patterns of travel, work and shopping were changing. Certain places are trying to grapple with the implications of those before they even get to the question of the pandemic. There is a fair amount of work going on in our cities, trying to understand what the implications may be and how they play out not just across cities but within cities as well, particularly for different cohorts in the population.

Q141 **Lilian Greenwood:** Presumably, if more people are working from home and offices are not needed, and more people are shopping online and shops are not needed, city and town centres will have to be completely rethought. It is not just about transport; it is about planning and all sorts.

Andrew Carter: Yes. It is a bigger question about what we envisage the future role of our city centres and our town centres to be. For example, the biggest hit in footfall drop-off and passenger drop-off has been taken by London city centre. The question there is whether we think that



HOUSE OF COMMONS

London city centre will recover over time. At the minute, I am in the camp that thinks it will. It might not necessarily look exactly like it did, but it will get back to some level of normality. I use that word broadly.

It is a different proposition if you are asking me whether the centres of Blackpool or Blackburn, which were struggling before the pandemic, will recover. Probably not, but that is partly to do with the pandemic and partly to do with changing activities beforehand. In part, we have to be live to the questions about what was going on before the pandemic and how the pandemic has impacted on that.

Some of our city centres and town centres were struggling before. The pandemic has made it worse. Some have been really hit during the pandemic, but I would expect them to largely recover because of the underlying dynamics. Manchester city centre is a good example. It is struggling, but I imagine it having a relatively strong recovery, even though the economic geography of Greater Manchester will change over time because of the way work gets redistributed across Greater Manchester; it may be a bit more local, it may be a bit less.

Q142 Lilian Greenwood: Last week, the Secretary of State told us that he had a target of half of all urban journeys being walked or cycled by 2030. He was a bit more nervous about having a target for a reduction in car use.

I know that the Scottish Government have a target of 20% fewer car miles by 2050. Should the Government have a target for increased bus use, or for bus use as a proportion of all urban journeys?

Andrew Carter: Yes.

Q143 Lilian Greenwood: If the Government do it, should cities and towns have some sort of target? That question is to all three members of the panel. Andrew jumped in.

Andrew Carter: I have talked too long, but, yes, they should, because it drives a set of behaviours and a set of decisions if we have some sense that we want to reduce. The important point is what we want buses to be doing for us. What is the ultimate purpose of buses? That is a broader connection to the shape of our economy, to inclusivity, to net zero and to air quality. Bus usage will be absolutely critical in all of those. If we do not get passenger numbers back up, in a sense our ability to do all of those other things will be next to zero.

Q144 Lilian Greenwood: Sarah and Michael, what do you think about the idea of targets for buses?

Sarah Kendall: Targets are great, but we need to be clear on the how as well as the what. I want to flag that there are some demographic things going on; for example, recent research has identified that there are fewer males under 35 who have a driving licence or access to a car.

There are some demographic things going on. Younger people's attitudes to travel and environmental issues are different. We need to look at the



HOUSE OF COMMONS

positive things that are going on within the demographic changes, and make sure we leverage those. People want to get on the bus if there is a good-quality, reliable service. We have to nail the quality issues as well as just a target.

Professor Waterson: In normal times—if we can think about that—students are very heavy users of buses. There are an awful lot of students around, and they have got into the bus habit, which they may or may not have had before they went to university, through travelling to and from the university. It is partly a question of retaining those habits in the longer term.

Lilian Greenwood: Thank you very much.

Chair: Staying on this subject, we go to Chris Loder.

Q145 **Chris Loder:** Professor Waterson, at the beginning of the session did you suggest that urban bus services tend to be more commercial and rural more subsidised? Did I hear that correctly?

Professor Waterson: Yes, that is right.

Q146 **Chris Loder:** From my experience, being the Member for West Dorset, the opposite appears to be the case. Bus routes in Dorset are predominantly commercial. When I look at London, for example, it receives considerable subsidy. One of the observations I make from Mr Carter's contribution just now is that, while we have seen the biggest drop-off in passenger numbers in London, we have not seen the biggest drop-off in service delivery or available services.

Do you see it in the same way that I do—that in fact rural areas have predominantly commercial routes, certainly in my county? Given that, do you think there is a case, when the commercial bus industry comes under real pressure, that there is a question mark over whether it can continue to exist for the long term?

Professor Waterson: The first point is that, of course, service delivery has not dropped off in London, because the bus companies have contracts with Transport for London that require them to provide a certain number of services, regardless of how many passengers they have.

Q147 **Chris Loder:** Exactly. But they are subsidised to do that, aren't they?

Professor Waterson: They have contracts to do that. Certainly, they are subsidised in that sense, but London is a different animal from everywhere outside London. Everywhere outside London does not work like the London system. For example in my area, in the west midlands, only about 5% of bus services are subsidised by the transport body and 95% of them are commercial. If I compare that, say, with Shropshire, nearly all of them are subsidised. I am not sure how general your experience is.



HOUSE OF COMMONS

There are obvious good examples around the country of good operators providing rural services, but they are relatively few and far between. There are a lot of areas where, essentially, you are reliant on the cheapest operator who buys second-hand buses and patches them together in order to provide a contract service.

Q148 Chris Loder: For clarification, there is a mixture of commercial and subsidised buses in rural areas, rather than purely subsidised. I am pleased that we could clear up that point.

I want to ask you and the other members of the panel this question. In light of that and given the situation we are in—clearly, we are unable to predict future demand at the moment—do you believe that the subsidy profile that has historically been the case, and may be targeted to certain routes or support certain areas, should be completely revisited and reprofiled across the country rather than just on specific routes, in order to recognise that there is what we believe to be a shift in terms of people moving because of home working and so on, so that we begin to see proper support for transport services, not just in London or the big cities but further out, particularly in the more rural or sub-rural areas?

Professor Waterson: Yes. I would agree with that. One of the big issues is that local authorities have many demands on their funds. They have some demands that they have to meet legally, and other demands that they would like to meet. Bus transport is one of the demands that they would like to meet, but they obviously prioritise the services that they are forced by law to meet.

Q149 Chris Loder: Should it be done through local government? Should the role of sub-national transport bodies be beefed up, because otherwise what role do they really have in delivering a service?

Professor Waterson: I think that is important, yes. It is rather a patchwork system. Of course, you get a big problem between counties. Who is going to pay for the bus service from, say, Herefordshire to Worcestershire?

Q150 Chris Loder: The situation we find ourselves in is often that the contributions we make in Dorset, and maybe other rural counties, go to support and subsidise other areas. We know that London receives a much higher subsidy per passenger than those in Dorset and probably the majority of the country. Thank you, Professor.

Andrew or Sarah, do you have anything you would like to contribute?

Sarah Kendall: I think reprofiling subsidy is important. It is also important to take a long enough view. We should not do something just for a year or two. It needs to be a three to five-year time horizon.

The mix between commercial and subsidised is often complex. I might get a commercial service in the morning but come home on a subsidised evening service. We need to be very careful in applying those points. I emphasise the point about county or local authority boundaries not



HOUSE OF COMMONS

necessarily matching journeys. We need to be careful that we do not lose things when we are looking at funding sources being done slightly differently.

Q151 **Chris Loder:** Would you agree with the brief point I was making about sub-national transport bodies having a greater role in specification and subsidy, or not necessarily?

Sarah Kendall: There is a specification issue that should absolutely be done on a national and regional level in terms of co-ordination. The funding is more challenging. As I indicated earlier, there is scope to engage with employers and other large organisations on funding. It is not just a binary question. Is it council funded, Government funded or does the traveller pay? We need to look smartly and differently at some of the solutions, and certainly engage with employers as well.

Q152 **Chris Loder:** Andrew, do you have anything you would like to add, briefly?

Andrew Carter: I agree with the points being made. We need a facility where we can better integrate the different forms of transport that we see in any one place. That is problematic for the reasons that have been alluded to, outside London. The integration of bus—

Q153 **Chris Loder:** Is that not the reason for the sub-national transport authorities?

Andrew Carter: Yes, exactly. I think there is a role for an institution.

Q154 **Chris Loder:** Do you believe the sub-national transport bodies are not delivering what they should be delivering to achieve that? If that is still an issue, they should not be there, because they are a waste of time and money.

Andrew Carter: At the minute, I think they are not given the mandate or the institutional remit to do that. They need to do it so that we can get integration of service delivery across different modes, and importantly—Sarah touched on this—better integration of different forms of funding.

Part of the position is that there are lots of individual funding streams in silos coming down, which then make integration ever more difficult. That goes to your point about subsidisation within and between. There is an opportunity through more robust institutions to bring the integration of services and funding together.

Q155 **Chair:** Thank you. We have four more sections to go; we have done two, and the last one took half of our session, albeit we took many buses to many different places. It was a good thing to get such good evidence, but now we will focus on only one Member per section.

I want to spent a bit of time on the national bus strategy, which is important because it is where policy can really be influenced. We are all waiting for that. I will open up and ask the witnesses to be brief. Can I



HOUSE OF COMMONS

ask you each for one different thing, if you wouldn't mind, that you would like to see in the bus strategy?

Andrew Carter: One thing is a clear articulation of how the bus strategy fits with other ambitions that the Government have set themselves. Whether we are talking about net zero, climate change or levelling up from an economy point of view, buses are going to be fundamental in that. That would be my first articulation.

The second thing, as we said in our work looking at the benefits and the risks of franchising, is that I want to see some commitment, particularly in our big metro areas, to a significant increase in passenger numbers. That should be an ambition, not least because if you set yourself targets like that they drive a whole set of decisions and behaviours down the line, such as better frequency, more reliability and more information. All of that falls from the desire and demand to have more people on the buses, because they will demand certain things if you want to get them on there. Those are the two things I would want.

Q156 **Chair:** Thank you. That's great.

Professor Waterson: I was looking back at the previous Committee's report. I noted that the Government approved of the large majority of things that the previous Committee said, most of which I would agree with, but I do not see any action. There is a question about what the Government intend to do with the Committee's report, beyond saying that they largely approve of it.

Q157 **Chair:** Professor Waterson, perhaps I can help there. First of all, the Government did not really find favour with our idea of a bus strategy. There was then a change of regime and, as you know, the current Prime Minister is more of a fan. When we pushed back, the response was, "Actually, it is a great idea." We obviously now await that bus strategy and are feeding in our ideas with respect to what should be in it. We are expecting success.

Is there one particular measure that you would like to see in it?

Professor Waterson: There are examples of successful, essentially municipally run, services. The Government seem determined not to have those. Both Reading and Nottingham, which are cities facing very different challenges, run successful and largely municipalised services. I would favour that possibility, at least in some areas.

Q158 **Chair:** Thank you. My understanding is that you could be on the right lines in terms of that particular idea finding favour now, whereas before it was something we called for but it was rejected. It just shows how trends can change.

Ms Kendall, what is your one big idea for the strategy?

Sarah Kendall: We really need to focus on building usage and confidence. That will happen if we focus on delivery and services that



HOUSE OF COMMONS

respond to customer needs and are of sufficient quality and reliability. Slow, unreliable buses are what put people off taking the bus. We need to make sure that there is a quality dimension in the bus strategy.

Chair: Thank you.

Q159 **Ruth Cadbury:** Professor Waterson, how different an approach is needed for urban and rural areas? Do you see an opportunity for demand-responsive services?

Professor Waterson: One of the main differences is that in urban areas people often do relatively more complex journeys. They might get one bus into town and another bus out, or they may get a bus and then get the train. That is not facilitated by the current framework. Those sorts of journeys are not easily facilitated. For example, I know that Manchester wants to develop a much more integrated system, along the lines of the system in London. I am not sure where their plans are at the moment because they have obviously been set back by the pandemic. A big issue for the larger areas is understanding the sorts of journeys people make and how they can be facilitated if the journey involves more than one leg.

In rural areas, it is much more point to point. It then depends much more on the quality of the operator and whether they are providing what people need. It is not a question of a network so much, but much more a question of the nature of the provision and getting information to people about the buses and assisting them to use the service.

Q160 **Ruth Cadbury:** Do you have anything to add, Andrew?

Andrew Carter: Bus services in rural areas are critically important. It is literally not the area I spend most of my time looking at.

Q161 **Ruth Cadbury:** But demand-responsive services?

Andrew Carter: The principle is the same, in a sense. We need a bus service and a bus system that is more responsive to demand, however demand is defined. I do not think we have that in a sufficiently integrated way at the moment.

Sarah Kendall: Building on that, I think with the technology we have now, where we can map where people really travel from and to, there is a real opportunity to up the game on demand-responsive transport. Rural and urban are not artificially separate.

A journey that starts in a rural area typically goes to a town. We need to think, as we redefine our high streets, about what is in the town centre where typically the bus might go, versus what might be in the out-of-town shopping centre on the edge, where I might be able to buy my supermarket shop 10% cheaper. We need to make sure that we use the mapping information that is available today to actually help plan our services, and make sure that they respond to help to grow back demand.

Chair: Thank you. We now move on to our fourth section. We will just



have one driver, rather than a driver and conductor from now on. Our destination is tackling road congestion, and our driver is Simon Jupp.

Q162 **Simon Jupp:** I wouldn't trust me in a bus. Good morning, and welcome to the panel. What we all noticed pretty quickly after the first national lockdown was that people got back into their cars if they were using them previously. Traffic seemed to return to normal in most places across the country, certainly on my travels in and around the southern counties and the south-west. Do you expect road congestion to continue to increase, and what impact do you think that will have on bus travel?

Andrew Carter: Yes, unfortunately. I think the drive, understandably, to get people into their cars will drive up congestion. We have recently done some work on air quality. It is now worse in many places than it was pre-pandemic, despite the economy not being anywhere near fully open. That is primarily down to increased vehicle usage, in particular the car.

I can only imagine it getting worse if we do not deal with it in sensitive ways. Let me say two things very briefly on that; I am sure we will get into this. It will require public transport to be better. We can define better however we want, but we certainly want public transport to be better.

Let me be clear: it will not be in every place, but particularly in our urban areas and in our big urban areas we will have to make driving the private car slightly less easy, however you define that. It may be the removal of car parking, so that you literally cannot park your car, or through some form of congestion charging or air quality charging. That is going to be part of the mix. It is part of the mix in London and in European cities. You make driving the car, where it is not so appropriate, difficult, as well as improving public transport. Just supporting public transport improvement is not going to get us to where we need to be.

Sarah Kendall: Building on Andrew's comments on low emission zones, I am speaking from Bath, where we are about to have the first low emission zone outside London, but it is being introduced excluding the private car. We need to design schemes to make sure that they actually hit what we want to hit. Similarly, on infrastructure and bus lanes, if we have someone like me who is a slow cyclist in a bus lane, it slows down the bus. We need to think about the infrastructure that supports the schemes as well.

Q163 **Simon Jupp:** I know Bath well. I would suggest that pedestrianisation is the way forward rather than taxing people more. I will move on to Michael.

Professor Waterson: We should not forget, in talking about low emission zones, that of course electric cars create pollution in tyres and brake pollution. They obviously cause as much congestion as normally fuelled cars. For some reason, they tend to be wider, which creates more problems. In fact, cars have become wider and wider, which makes it more difficult for the cyclist, and more generally from the congestion



point of view. I am a cyclist myself, nominally. We need to think about infrastructure without the car as the primary means of providing travel.

Q164 **Simon Jupp:** Interesting. I think as a nation we have also got wider, which may account for why cars have got bigger.

Something you all touched on is the way that we move around and the ease of using the car. It is something that you all want looked at. On that point, when we are looking at bus priority on our roads, to what extent should buses have priority on roads, especially in cities, and how should Government and local authorities approach that? I worked in local government previously. They tried to introduce lots of bus priority in the city of Bristol, and the uproar from the local community was massive.

Professor Waterson: That is interesting. In my area too, bus priority measures have been put in and then taken out, presumably in response to pressure from the significant number of people who use cars. It is quite a difficult issue. It is particularly challenging at the moment, because if motorists see buses travelling with two or three passengers on, they will say, "Why should they have priority?" It is much easier to make the argument if the bus is quite full, and you can see the obvious reason for moving those people around.

Q165 **Simon Jupp:** Thank you, Michael. Sarah, I put the same question to you. Thinking about Bath, introducing bus priority measures in parts of Bath would mean that even cyclists would not be able to get down some roads due to the ancient road structure.

Sarah Kendall: I think there is absolutely scope for being brave. There are a number of examples in the pandemic when local authorities have made short-term changes to streetscapes, changed parking and priorities and those kinds of things.

First of all, we need to be brave because sometimes when we see something we feel the benefit. Frankly, in the early part of last year, we all experienced, in those sunny days of April and May, going out without pollution and traffic noise. It was very pleasant, and as environmental issues come to the fore, every car driver is also a walker, potentially a cyclist and potentially a bus user. The pandemic gives us an opportunity to be more radical. The short-term noise, over a three or five-year horizon, is that we might actually shift our travel plans, but we probably need an incentive so that we cannot do everything with the car that we used to.

Q166 **Simon Jupp:** Andrew, I am conscious of the time, but can you briefly sum up your thoughts?

Andrew Carter: In this instance, incentives really matter. At the minute, local authorities are not incentivised to introduce bus priorities because they do not know how the bus companies will respond. They cannot control how the bus companies respond; they are not able to influence that. If you want more usage of bus priority lanes, you need to give local



HOUSE OF COMMONS

authorities more influence over the bus companies and the services that are provided. You then get into a virtuous circle.

It goes back to my previous point. If we take road space away, it encourages and increases congestion, but we do not then do anything in particular to deal with the number of cars on the road. We will need to do both. That is just the story of where we are in dealing with this kind of issue. Incentives matter. If you talk to local authorities up and down the country, they do not get into that space because they do not control the outcomes.

Simon Jupp: That is a beautiful segue into the next section, isn't it Chair?

Chair: It is, Simon; I was about to say that. The next section is the case for greater regulation for planning bus services outside London, which is another theme we expect to see in the national bus strategy. I will hand over to Grahame Morris.

Q167 **Grahame Morris:** Thank you for teeing that up, Chair. I was very interested in Professor Waterson's comments on an earlier question. Indeed, I completely agree. I think that the Transport Committee produced an excellent report on the regulation of bus services outside London. In those days, we were able to go on visits and we saw a number of areas where they were bucking the national trend, notably in Bristol and to an extent in Liverpool, in respect of bus usage and the measures that they were able to implement.

I know Professor Waterson's view, and personally I agree with him. Mr Carter, to what extent would a more regulated bus market help improve bus services outside London in both rural and urban communities? I am not just thinking about the immediate aftermath of the pandemic but the longer term.

Andrew Carter: The evidence of one, a sample of one, which is London, suggests that continuing to have some control over your bus system, and integrating your bus system with other forms of public transport, gives you the levers available to drive up usage and passenger numbers. In that sense, I imagine that if we had similar controls and ability to integrate in other places, rural and urban, we would see improvements. It goes to my previous point. It is because you give the politicians, who ultimately make the decisions on some of these things, the levers and the accountability to make change. That is really quite important.

For those of us in and around London, if you know it well, the Mayor is held to account for the transport system. In other places, Mayors are not. They do not make the decisions that are needed. I would fully expect greater control to result in different decisions, which ultimately improve the bus and the public transport system in other parts of the country in the way that it has in London.

Q168 **Grahame Morris:** In the 2017 bus franchise Act, metro Mayors had



HOUSE OF COMMONS

particular powers given to them. Do you think the time is right to broaden that opportunity to areas that do not have metro Mayors, perhaps combined authorities and so on?

Andrew Carter: Yes. I can understand why maybe the Government were doing it in small steps and started with metro Mayors. I see no reason now why that should not, and could not, be extended to other places. Indeed, I think the requirement should be reduced for the Secretary of State ultimately to say yeah or nay. If places want to go down the route of enhanced partnerships, or indeed franchising, they should be able to do that following the due course you have seen in Greater Manchester and elsewhere.

Grahame Morris: Thank you. I am going to hand back to the Chair because I know that we want to move on to funding for buses. Thank you very much for your response.

Chair: Thank you for putting that so briefly, Grahame. Ruth, we have time for one question on funding bus services. We may need to put it only to one witness.

Q169 **Ruth Cadbury:** What do you think the proportion of funding for buses should be between Government, councils and farepayers? Before the pandemic, the ratio was 40% from taxpayers and 60% from fares. Is that an appropriate proportion, given what you have said about increasing bus travel as a proportion of total travel? Is road pricing, a workplace levy or some other method an appropriate form of additional income?

Professor Waterson: I will start by saying something that might seem a bit unpopular in the current times. We can look to other places in Europe that often face very similar problems and see how they have solved them. I know that we are, essentially, separate, but many other cities, towns and cantons have had to deal with these situations. We could observe trends in those places. Even rich countries like Switzerland have an extremely good public transport system. It is not that we are necessarily faced with a decline in transport. How do they do it? How is it that in Germany you get excellent local transport systems? We can potentially learn a lot from other European countries on that point.

Sarah Kendall: There is absolutely scope to take a more holistic view on a car-parking levy and things like road pricing. Certainly, on the evidence we have seen—particularly because we all use mobile phones and fund those differently—people are much more used to paying for service and paying for access. Again, there is a need to be brave and look at some different funding models.

Andrew Carter: Very briefly, I agree with what has been said. There is a broader question about how places get their money. There is a strong argument now, and evidence, that integration of different funding allows subsidisation across different uses as we see fit. You talked about different income streams. All of those should be encouraged, and places should be allowed to do that.



HOUSE OF COMMONS

There is then a question about the degree to which places, if they are successful, keep the rewards of their success and reinvest them in different areas. That is the story not only in parts of the UK, to a small degree, but in parts of Europe, where they are incentivised, for example, to grow their economy. Their economy grows, tax revenues increase and they keep more of them to reinvest in bus services, housing and roads or whatever they ultimately wish to do.

It is a broader question. I would shy away from continually thinking about buses in a silo. It is not how we fund buses narrowly, but a broader question about how we fund places to deploy their resources in a way that they deem fit.

Ruth Cadbury: Thank you very much. Back to you, Chair, as I know time is moving on.

Chair: Thank you, Ruth. Time has defeated us. Thank you Andrew Carter, Sarah Kendall and Professor Michael Waterson for the evidence you have given us and, more importantly, for the ideas, which have really got us thinking. I wish all three of you and your families the very best at this time. Thank you.

Examination of witnesses

Witnesses: Rt Hon Norman Baker, Alistair Hands and Graham Vidler.

Q170 **Chair:** We move to our second panel, made up of bus operators and users. I ask each panel member to introduce themselves.

Graham Vidler: Thank you, Chair, for the invitation to give evidence this morning. I am chief executive of the Confederation of Passenger Transport.

Chair: Thank you, Mr Vidler, and welcome.

Alistair Hands: Good morning, Chair. I am the commercial and marketing director for Arriva UK Bus. Thank you for the opportunity to appear today.

Chair: Thank you, Mr Hands. Finally, the right honourable Norman Baker, a fellow resident of East Sussex. Hello, Norman.

Norman Baker: Good morning, Chair and Committee. I am here in my capacity as adviser to the Campaign for Better Transport, the predominant charity covering all aspects of transport and all modes.

Q171 **Chair:** Welcome, all three of you. We are very grateful that you listened to the evidence that the other three witnesses gave. You will see the sort of pace that we are trying to move at. We are grateful to get your thoughts and evidence until 11.45, which is the time we have.

The first section is on Government messaging and restrictions covering public transport. When do you think is the right time for the Government to actively encourage people back on to buses? How should it be done,



HOUSE OF COMMONS

and does social distancing need to be in place once we have a vaccination for the cohort most at risk from the virus?

Graham Vidler: The encouragement from Government to return to bus travel needs to be done in stages. What the Government ought to be doing at the moment, and are doing to an extent, is reassuring people that when they need to travel, and when they need to use public transport, they can do so safely. That is really important to counter the message that was prevalent last year, at the start of the pandemic, to avoid public transport. It was a simple and effective message and achieved cut-through. We need to counter that now.

As soon as we get to a situation when the roll-out of vaccinations and reductions in transmission rates enable social distancing to be removed from activities across the country, we need to step up a gear. We want to see Government backing an industry-led campaign to encourage people to use the bus again for all the things that they might want to use the bus for, whether that is going to the shops, going back to work, seeing family and friends or engaging in leisure activities. Within the industry we have done a lot of work on pulling together what that campaign might look like. We have tested it with consumers. At the moment, we are in the middle of presenting it to Government saying, "This is what we want you to get behind very quickly, as soon as social distancing is removed."

Q172 **Chair:** Thank you very much. Next, can I turn to Norman Baker?

Norman Baker: The Government message last March was appropriate and, as Graham says, extremely effective in persuading people not to travel unless they had to for work reasons. That was right, but unfortunately the message that has been left with the public at large, in some people's minds anyway, is that buses and trains are uniquely unsafe, which I do not believe to be the case.

The public transport industry has taken a huge amount of time and effort to make sure that buses and trains are safe to use, providing people follow Government guidance on masks and so on. There is a need to change the message. I think the Department for Transport understands that, but it was unhelpful to see the recent Cabinet Office initiative entitled "Coronavirus takes the bus," as if the bus itself was the carrier of this unfortunate virus.

The Government need to move on their messaging in a responsible way. They need to get ready to remarket the bus, and indeed the train, as safe forms of public transport. We are in discussions with the DFT, and with the bus industry itself, about the messaging. It is important to get the timing right. It would be folly to go too early, and it would be unhelpful to the bus industry to go too late. The timing is quite important.

When the vast majority of the population, certainly the risky population, are vaccinated, that is probably a time when we can start thinking about getting people back on the bus. We will of course be guided by the



HOUSE OF COMMONS

science and by the medical advice on the matter, but it is very important that we hit the ground running as soon as it is safe to do so.

Q173 **Chair:** Mr Hands, to expand on the question, we should have seen 90% of those in our population at risk of mortality vaccinated by next week. That figure should go up to 99% of mortality risk by May, when all over-50s join that cohort. Have you been given any indication at all from Government as to how the bus market will be able to unlock, perhaps with regards to dropping social distancing and more active encouragement to use the bus?

Alistair Hands: In terms of specific guidance, I would say no. In the conversations we have had around recovery in general, which we have regularly, the only indication at the moment is that the removal of social distancing might be slightly later than we initially anticipated and move into the early summer. As yet, we have no clear guidance as to what that would be, perhaps understandably so.

I agree with the comments from previous witnesses that a change in message is crucial. What it does to capacity is crucial to the recovery, but ultimately it is a public health issue and we need to be guided by the science.

Q174 **Chair:** Mr Vidler, I believe it was your organisation that provided the graph I referred to previously. Back in the autumn, it looked like there would be a real challenge for the bus operators in meeting customer demand and having social distancing in place.

The Prime Minister is due to set out on 22 February the ease to lockdown, which should start in March. Do you anticipate a challenge getting people on the bus with the social distancing measures required? If that becomes a challenge, what is the answer? Is it dropping the social distance requirements or just keeping more people off buses?

Graham Vidler: You are absolutely right that last summer we were very successful indeed in attracting passengers back to the bus. Passenger numbers got back fairly quickly to over 60% in September, when the schools returned. There is reason to believe that we will see similar figures again as lockdown is progressively unwound, we hope, over the next few months.

The key to matching the available supply to that demand will be the agility we showed last summer, working closely with local authorities as well, to make sure that services were running where people needed them. It was not just running to the traditional timetables, but doing things like having buses on standby, ready to supplement busy routes when there was a risk of a bus exceeding its socially distanced capacity, for example.

I think we will see a fairly rapid build-up of bus passenger demand again once lockdown is progressively relaxed. We are ready to deal with that. We also want to be ready to deal with the eventual removal of social



HOUSE OF COMMONS

distancing from vehicles. As all three of us have said, at that time we want to work with Government to encourage people to come back and use the bus as much as they possibly can.

Chair: Thank you very much indeed to all three of you for the opening answers. Let's move on to the second section, which, similar to the previous panel, will be on home working and online shopping, and whether we will have permanent reduction in demand for buses in the longer term. I hand over to my colleague, Lilian Greenwood.

Q175 **Lilian Greenwood:** Thank you, Chair, and good morning, witnesses. Can you say a bit more about the challenges that increased home working and online shopping raise for bus services in England, if they become more permanent? More importantly, what are the changes in policy that are needed to meet those challenges.

Alistair Hands: Clearly, the challenge is the uncertainty it places on how we might recover patronage. As Graham alluded to, we hit 60% post the previous lockdown, and in some places it was getting as high as 70%. When we talk to our customers, at the moment the vast majority of customers are travelling for work, and largely for essential roles—around 90%. About 15% of our customers who are not currently travelling with us tell us that they are not doing so because they are working from home. By far the bigger reason is people telling us they have no reason to travel at the moment.

We need to be able to respond to those demand patterns and evolve networks and hours of operation. What is crucial at the moment is having time, and a stable period as we go through recovery, to be able to adapt the network in that way, so that we see how demand emerges.

Q176 **Lilian Greenwood:** Graham?

Graham Vidler: There are two very long-term trends that have been exacerbated by the pandemic. There is the rise of online shopping and the demand for more flexible working. It is good to see that operators have already started to respond to them. There are more flexible ticket types popping up. You do not have to buy a week's season ticket at a time. You can buy a book of five tickets and use them on days of your choice. We are starting the process of matching what we offer to how people will want to travel in the future.

What is critical is that as we enter what you might call the recovery phase, when we get through the pandemic and the economy starts to open up again, we maintain agility and responsiveness, and let passengers shape the recovery in terms of where they want to travel, when they want to travel and how often they want to do so. That will have implications for the services we run, the times of day we run them and the sorts of tickets we offer.

Going back to the bigger point about overall demand, as well as there being reasons to believe that people will demand less travel in the round



in future, and that the shape of that demand will be different, there are also very strong reasons to believe that bus and other public transport will need to take a greater share of those journeys. If we look at the work of the Climate Change Committee, for example, on mapping out the nation's path to net zero emissions, they reckon that around about 10% of car trips will need to be converted to bus journeys over the next decade if we are to stay on that path. That is a substantial number of journeys that ought to be, and can be, transferred from car to bus. It is a huge opportunity and a huge responsibility for the bus industry to take forward, but that is the size of the opportunity that is up for grabs over the next decade.

Q177 Lilian Greenwood: Are you worried about the opportunity to get to that place? For people to be persuaded to move from car to bus or other forms of public transport, your services probably need priority so that they stick to timetables. You do not want to cut back services, because at the moment you face a big revenue challenge. What policy changes need to be put in place for you to grasp that opportunity?

Graham Vidler: In the short term, we have given Government a very clear plan for maintaining the network through a transitional period. We call it the recovery period, but it is the period that comes after social distancing has ended and after CBSSG has been removed. Working closely with local authorities and with funding from central Government, we want to maintain a very large proportion of the current network throughout that period, so that passengers have time to return.

Looking beyond that period, you are absolutely right that what we need to focus on, and see a focus on in the national bus strategy, are measures to speed up bus journeys and make them more reliable. We all know that that is the No. 1 reason why passengers choose not to use the bus. Measures to give the bus greater priority and to reduce congestion for bus users have to be absolutely at the heart of the national bus strategy.

Q178 Lilian Greenwood: Norman, in this session we are talking about getting people back on to the bus, but it should be public transport more broadly. We do not want people to get on to bus rather than tram. Surely, those things should work together. Would it make more sense, rather than the money going direct to operators, for it to go to local authorities, who can work out the best way to enhance their public transport network to get that shift of people out of their cars and on to public transport?

Norman Baker: Yes, there is a need for much greater co-ordination at local level, as the Committee heard in your last session in the last hour. It is nonsensical that there is no co-ordination at local level between the bus, the light rail system, which you have in Nottingham and which is elsewhere in the country, and heavy rail. The opportunity should be taken to have much more co-ordination of those modes of transport at local level, and to plan better. That would be a better use of money.



HOUSE OF COMMONS

That is not to exclude the commercial operators. They have a great deal of expertise and knowledge about how bus routes work and how bus could be properly used for high volumes of passenger numbers. There is a tension between the type of bus that will be high volume along main roads, on a frequent basis, which will be essential to deal with the Government's climate change targets and their air pollution and decarbonisation strategy, and the type of bus service that runs round the backstreets in a socially necessary way to get people to hospital, the chemist or whatever it happens to be. Those are completely different models of bus services. There is a need both to co-ordinate the bus services themselves, and to co-ordinate them with light rail and heavy rail.

Coming out of this, one good thing about bus services is that the bus is probably more resilient in many ways than the train in numbers using the service. If you look at what happened in the summer, which Graham referred to a moment ago, a lot of key workers were more dependent on the bus than on the train. White collar people can work from home more easily, but a higher percentage of those key workers have to use a bus, so the bus has a better base from which to recover than the train does. That is a different session, Chair. There is a particular problem for train commuter services.

As far as online shopping goes, to some extent that is a matter within the Government's control. The Treasury, allegedly anyway, is talking about a tax on online shopping. Personally, I think that would be quite a good idea because there is a need to maintain the high street in some shape or form. At the moment, it is disadvantaged through the business rates system in the amount it pays into the Treasury. That is an area to work on.

The bus industry will have to be creative. It will have to look at measures in a flexible way. It will have to respond to the public very directly. It doesn't intend to, but it cannot simply lay on services and expect people to use them. It has to say, "Where do you want to go and when do you want to go? What kind of ticket do you want?" Picking up from the previous session, if somebody wants to go in the morning on one bus company and come back on another, or come back on the train or tram, they have to be able to do that. If that is not available to them as an option, they will get in their cars.

The last point on this question is that I was slightly alarmed by an RAC report on motoring from November last year, which said that for the first time since 2002 fewer than half of drivers—43% actually—say they would drive less even if public transport were improved. There is a real challenge to us all, first of all, to get the messaging right on public transport, but, secondly, to provide a product that people want.

Q179 **Lilian Greenwood:** I will briefly come back to Alistair. I know there was something you wanted to raise. Do we need to see more Cabinet



HOUSE OF COMMONS

Ministers and MPs travelling on buses to make people feel that it is safe? Would that help to persuade people that it is something for everyone?

Alistair Hands: The answer to that question is yes, when we get to the right point. We are talking about reassurance right now and then we are talking about building people's confidence and ultimately growth, as Graham alluded to, because I think there is potential for that. When we are in that growth phase and the confidence phase, there is absolutely a place for that. Messages from the stand are likely to have a far wider-reaching impact than anything that we can do with marketing in the first instance. It would be absolutely fantastic if we saw that.

To bridge both of Graham's points, it is absolutely crucial that we preserve a network that is capable of growth. In order to do that, we need to be dynamic. I think we have demonstrated that we have been able to do that through the first lockdown, but we must work closely with local authorities to understand how connectivities can be made. Whatever we put in place must allow us to be dynamic.

Going back to home shopping, I think we can respond to the trends around the new home workers. Does a car still make sense for them? Can we create ticket products that make it more attractive to get on the bus? All of those are tools in the available armoury.

Lilian Greenwood: Thank you, Chair.

Chair: Lilian, I am going to hand back to you, but first I declare that I use bus, tube and rail on a regular basis. I am sure that all Members lead by example in supporting public transport.

We are going to continue our theme on Covid-19 and support for buses, and how to respond to the recovery.

Q180 **Lilian Greenwood:** As someone who ditched their car two years ago, I am very happy to be a bus user regularly.

Can I come to support for buses? In the spending review last year, the Treasury allocated £300 million to drive the transformation of bus services this year, but they also said that that money would be used for any further Covid-19 support. Of course, since then we have had a further deep lockdown. We know that there is a big gap between the services you are running and the number of fare-paying passengers you are carrying. How much of that £300 million will be needed for revenue support? Graham, perhaps you have a perspective on that.

Graham Vidler: I certainly do. In a sense, it is an impossible question to answer because we do not yet know how long that money will need to stretch out. We do not yet know what passenger recovery will be or how many passengers will have come back at the point at which we switch.

Our message to Government is very clear. The prudent thing is to separate the two funding streams, to reserve that £300 million to enable the start of the transformation of the bus network, and to pay CBSSG, as



HOUSE OF COMMONS

Government have done flexibly and responsibly over the last year, to maintain an emergency network while we are still in the pandemic.

Q181 **Lilian Greenwood:** Alistair, is there anything you would like to add?

Alistair Hands: I think we need to separate it into two chunks: the CBSG and the current funding. It needs to be clear when that is going to end. It is uncertain at the moment. If we assume we are going to end this period at something like 50% patronage and then grow back to a sustainable point by the end of it, the majority of those funds need to go into supporting a network that is capable of growth, given that we know that what would bring customers back and attract them to bus is punctuality, reliability and frequency.

Q182 **Lilian Greenwood:** Norman, are you worried that the whole of that £300 million could be eaten up in support, and there would be none left to fund recovery and transformation?

Norman Baker: I hope that does not happen. I hope we have the separation and the ring-fencing that Graham has referred to. There is an immediate challenge, which is to make sure that the structure and service patterns we had before the pandemic are still in place and are not lost. Even in the best scenario, we are probably talking about 80% of the passenger numbers we had before in the foreseeable future, which means that a lot of commercial services that were marginal could be at threat unless there is money to support them.

We cannot allow ourselves to go backwards. We support the whole thrust of Government policy in many areas, such as tackling climate change, tackling air pollution, introducing decarbonisation and tackling congestion. Those aims of the Government are absolutely right, but they cannot be delivered if bus services go backwards. Not only do we have to protect the services that are there; we have to put in more money to get the growth that is sensible to deliver those wider Government objectives.

Q183 **Lilian Greenwood:** Graham, you said in your written evidence that cutting non-commercial services after the pandemic would put those who rely on them "at a severe disadvantage" and make it "incredibly difficult to grow passenger numbers in the longer term." You have said something similar today. How long should commercially unviable bus services continue to be provided while demand remains low? How long could we need that support in place?

Graham Vidler: We need to be clear at the outset that that funding is time limited. We ought to have a shared objective of moving back to a more commercially run network. We believe the right period is probably about nine to 12 months. That should be enough time for people to get back into normal life, or their new normal life, and to make sure that as they form new travel habits the bus network is there for them to crystallise their habits around. It is probably around nine months and certainly no more than a year, we think.



Q184 **Lilian Greenwood:** Would you agree, Alistair?

Alistair Hands: It is really important that it is time limited. It is important as we go through that we think about how to adjust the network to evolve to the new demand patterns. In terms of services that need support, I would refer back to the earlier session. We have to look at the outcomes we are trying to achieve as a whole and consider other services that might need funding for longer. I think it is important to distinguish the two things.

Q185 **Lilian Greenwood:** Norman, the bus operators have to run commercial services, and that leaves local authorities to pick up the subsidised services. Is that the right way for the future, or does it need to change?

Norman Baker: On the point that has just been made, on the times, it is important to get commercial services up and running and standing on their own two feet again, but that is dependent on external events to do with the virus and Government and medical advice. It is not possible to set a timescale for that. All we can say is that it needs to happen as soon as we can be confident that commercial services are not going to be cut. That is the definition of when we should withdraw the support.

On your point, we have seen in the last 10 years that commercial services have declined by about 3% in total miles that have been run. Local authority services have declined by about 50%, so those who are perhaps most dependent on the bus have found that their services were cut. The reason for that has been the huge pressure on local authorities from adult social care, and so on. As one of your earlier panel said, local authorities facing difficult decisions have had to fund statutory services and have cut optional services, which include buses.

I know this is rather unpopular with the Minister for Housing and Local Government, but I believe that money for bus services should be put in, first of all, in a more logical fashion rather than in different pots. Secondly, it should be ring-fenced to protect bus services locally. If we do not do that, I fear we will continue to see a decline in bus services that are non-statutory and not commercial.

Lilian Greenwood: Thank you very much.

Chair: The witnesses will have heard some of the views from the previous panel on the priorities for a national bus strategy. We are keen to get your thoughts on that front as well.

Q186 **Grahame Morris:** I think we are all of common mind that that is the way forward. We are very concerned about the decline in passenger numbers. Mr Vidler, because you represent a range of operators, public and private, would you agree that an industry-wide forum similar to that which already exists in the rail industry would be a good way to ensure that consistent measures are put in place to restore public confidence, and would also ensure that bus workers as well as passengers are protected at work, as part of measures to encourage more passengers to use the



HOUSE OF COMMONS

existing bus services?

Graham Vidler: Sorry; I am not quite sure that I understand the question. Are you talking about the promulgation of safety measures on buses?

Q187 **Grahame Morris:** Partially, yes. It is about restoring confidence. We have an industry-wide rail forum, where there are discussions between operators, employees and the trade unions to agree common standards. That would have the added benefit not just of giving confidence to the employees, but to passengers as well. Have you given any thought to that, and would you support such a move?

Graham Vidler: Thank you very much. Sorry, I misunderstood the question originally. During the pandemic, we have worked in that way. We worked very closely with unions at both national and local level. We have worked with central Government and individual local authorities. As the trade association for the bus industry, we have produced some national guidance for all of our members to use, based on those conversations, about how they can mitigate the risks of Covid-19 transmission on buses. That sort of work is very familiar to us. It has been valuable to us and, we hope, to employees and passengers throughout the pandemic.

Moving forward, it is absolutely critical that we continue to work in very close partnership with local authorities, with other local stakeholders, including business organisations and employers, and, of course, with central Government. As the trade association for the industry, which brings together about 95% of the UK's buses, we are very well placed to do that, and will look to do so.

Q188 **Grahame Morris:** Thank you. Could I ask a similar question of Mr Hands in respect of Arriva? You are involved in the national rail forum to do with coronavirus. Would you support the establishment of a national bus forum, to ensure consistent standards and to give confidence to the workforce and the travelling public?

Alistair Hands: I am certainly in favour of standards and confidence. I would echo what Graham was saying. We have been really grateful for the regular interaction and support we have had with Government throughout the crisis.

The CPT has performed an important and effective role during that period, as has the co-operation between operators both at a practical level around the way they are managing services and on operational and safety issues. We largely have in place what we need, but I am absolutely supportive of that type of national approach. That degree of co-operation is essential.

Q189 **Grahame Morris:** Mr Hands, if there was one thing that the Government could put into the national bus strategy to help to improve and increase passenger numbers, what would you suggest? We heard a view from



Norman Baker about the number of pots and how confusing it is, and hypothecation and ring-fencing resources. What would you advocate as one measure going forward, if we had a national bus strategy?

Alistair Hands: I might be greedy and try two, but if I had to give you one that covers it anyway, it is the piece around looking holistically and putting in place specific targets around modal shift. That would galvanise the effort that we need to get customers on to bus. As a big part of that, pro-bus measures that help us to support punctuality, improve the reliability of services and reduce congestion are really important too.

Q190 **Grahame Morris:** Thanks. That's really useful. Mr Vidler, do you have one particular thing that you would advocate in a national strategy?

Graham Vidler: Alistair has already taken my two, but that gives me the opportunity to take a third. The national bus strategy is a good opportunity to make bus a cross-government policy priority. You will probably be familiar with the National Audit Office report on local bus services that came out just before Christmas.

The report highlighted just how fundamental bus could be to the achievement of objectives across Government: DEFRA in promoting clean air; the Treasury in promoting access to work and improving educational opportunities; and the Department for Health and Social Care in improving physical and mental health. The national bus strategy is an opportunity to make sure that in future we think about bus as a contributor to policy priorities across Government, and not just the policy priorities of the Department for Transport.

Grahame Morris: Mr Baker gave a full answer in an earlier question, and I agree with his evidence, so I am going to hand back to the Chair.

Q191 **Chair:** You are supposed to be asking the questions, not agreeing with the answers, Grahame. Let me try to twist it the other way round. There has been a lot of talk about what could be in the national bus strategy. What one item that you have heard about do you fear being included, and why? I will start with Mr Vidler.

Graham Vidler: Did you say do I fear being included?

Q192 **Chair:** Yes. What have you heard could be included, but that you think would be a bad inclusion?

Graham Vidler: It is not so much a fear of anything in particular being included, but that the strategy will worry too much about the architecture of the system and not enough about the outcomes we are trying to achieve. The national bus strategy will be a missed opportunity if it simply talks about the regulatory framework, for example, without talking about the outcomes we are collectively trying to achieve through whichever framework we use and, as all of us have said, without setting clear targets for moving in that direction. It is more that I am worried that the strategy does not have sufficient emphasis on those outcomes and does not set a bold aspiration to achieve them.



Q193 **Chair:** Mr Hands, can I ask you the same thing?

Alistair Hands: I think I set a precedent, and Graham might have taken mine. To build on the point, it would be too great an emphasis on the regulation rather than the instrument and policies that are going to deliver the outcome. The dynamism that we have been able to show and enjoy in the last six to 10 months in order to get back to where we got to, and to manage through the pandemic, has been crucial. If we can continue, that is going to be really important.

Q194 **Chair:** While Mr McCartney deals with his cat, I will touch on what you have just said before I come to Norman Baker. The previous Committee, which Lilian, Grahame and I sat on, issued a report where we recommended a hierarchy of service. You started with franchising, which should be available to all, and not just in areas where there is a metro Mayor, and then you fell to partnership and then, if that was not working or was not able to be put together, the fall-back was municipal.

The Government of that time went in completely the opposite way and prohibited municipals. There is now talk that municipals may be back, again as another lever to make sure that there is a service and a bit of competition. Mr Hands and Mr Vidler, what do you think of the hierarchy approach that we called for? Do you think we were wrong?

Graham Vidler: I do not think there is a hierarchy, and I do not think it is necessarily the case that franchising produces better outcomes than partnership. There is already plenty of evidence across the country of voluntary partnerships achieving great things in improving passenger numbers. For example, I sit on the board of the West Midlands Bus Alliance where there is close, integrated working between all of the operators in the area and Transport for West Midlands, which has started to reverse the historical trend in declining passenger numbers.

I think partnerships can absolutely do the job that is needed. As we have seen in London, which is a particular case, franchising can also do the job. I do not think there is necessarily a hierarchy where one should be promoted ahead of the others. We always need to go back to the outcomes we are trying to achieve and ask which tools we need to achieve those outcomes rapidly and flexibly, given the very uncertain context that we are about to deliver in.

Q195 **Chair:** But your members would be fine if the Government performed a change of approach and allowed municipals back into the market.

Graham Vidler: There are already municipals in the market.

Q196 **Chair:** There are, but a couple of years ago in the Bus Services Act the Government stopped any new municipals coming to the market. There are only those that existed at that time.

Graham Vidler: Yes. The introduction of municipals does not take away the need to work in partnership. The fact that there is a municipal operator in Nottingham, for example, does not take away the need for



that operator and the local authority to work in partnership together, and with the other commercial operators in the area. It does not solve that issue. I am not clear what particular issue it would solve.

Q197 **Chair:** Mr Hands, could I put the same question to you?

Alistair Hands: With a level playing field, we are in favour of competition in the market. That has to be good for the market itself.

To go back to the point on the hierarchy, we have a successful relationship with Transport for London and can operate in a franchise market. If we were to look at more infrastructure being put in place to manage things nationally, we would have to look at the economic case for doing that right now and the costs that might go along with that, versus what we know we can achieve through partnership. Graham has alluded to the West Midlands. I would reference Merseyside and what we have managed to achieve through voluntary partnership with Merseyside. For me, it is about fitting the tool to the objective.

Q198 **Chair:** Norman Baker, can you reflect on what you have heard there? First, I will ask you the original question. Is there anything that you hear might be in the bus strategy that you feel should not be there? Would you reflect on what addition or competition could be provided by the return of municipals?

Norman Baker: I like your question, Chair, about what I fear in the strategy; it is an interesting question. One of the things I fear is setting targets with nothing behind them, which everybody feels comfortable about and then goes away, and nothing very much happens. We need a method for delivering what we agree or what Government agree rather than having something aspirational that we all feel comfortable about.

Secondly, it is important that the bus strategy is not just about buses. We have heard a lot today, quite rightly, from all witnesses about the case for integration. We need to look at the bus in conjunction with heavy rail and light rail, and walking and cycling for that matter, in a particular area. That means that we need to give local authorities a greater role.

What I would like to see particularly, if I may say so—this is a dog that does not bark so I fear it will not be there, to use your formulation—is a requirement on local authorities to produce locally integrated transport plans that outline how they will permanently reprioritise provision to ensure a sustainable transport system in their area. That means you need to go beyond bus. Bus is an integral and key part of it, but it needs to go beyond that.

As far as municipals are concerned, it is artificial to rule them out. If that is the particular solution that is best for a particular area, and locally elected people think so, why not?

Q199 **Chair:** Norman, I will ask one last question of you because you are local to me. If you look at the challenge within local authorities and the



HOUSE OF COMMONS

transport side of things, it is quite patchy in terms of real engagement in a partnership with the bus operator.

Brighton has a particularly strong reputation both inside the council and indeed with the private bus operator, where they really buddy up and deliver the service. There could be other areas nearer to us where perhaps their focus is understandably more on social care; therefore they do not have enough time to focus on how the transport moves around. Do you think there is room in the bus strategy for more dedicated ring-fenced money from Government to local authorities so that they all have someone who is a real bus champion inside their town hall?

Norman Baker: Yes, absolutely. You are quite right to draw the distinction between Brighton, which is a great example of good working between local authorities and bus companies over many years, irrespective of political control in Brighton. The service there is great and it benefits Lewes, where I live, and further out towards Tunbridge Wells. There is a great bus service from Brighton to Tunbridge Wells, for example, going through rural areas, providing a service for depopulated or lightly populated areas.

East Sussex County Council—I am not picking on it particularly, but you know it as well as I do—predominantly has its focus elsewhere. It does not have the expertise left now because it has been hollowed out, to a degree, by its financial situation. It does not have the capacity or the amount of expertise to deal with bus services or to meet the challenge that we have talked about of decarbonisation and the entire change to the transport mode mix that we want to see. That is the same with many rural county councils.

There is a need to deal with that. That is why we, at the Campaign for Better Transport, have been talking to the DFT about a project to enhance local authority capability. We want to make sure that they are able to take advantage of any money that comes to them, and to take advantage of the expertise that has been built up and the good practice that has been demonstrated elsewhere in the country. If we do not build up local authority expertise in rural areas, they will get left behind. We might well see innovation and progress in big urban areas, where it is easier, but there is absolutely a need to make sure that our rural areas are not left behind in that way. The capability point is well made.

Q200 **Chair:** Mr Vidler, on behalf of the bus operator, do you find that it is quite patchy in terms of transport authorities, and that some have real passion, expertise and resource in their departments, whereas others are perhaps not as engaged? Would the idea of a ring-fenced pot to fund such a person in every local transport authority be a good thing?

Graham Vidler: Yes, absolutely. My members find it very patchy. That is not in any way a criticism of any local authority. It is more a recognition of the financial situation that local government has been in and the need



HOUSE OF COMMONS

for local authorities to prioritise the statutory services they have to focus on.

Moving forward, our ambition is to work in partnership with every local authority in the country to deliver bus services in the context of a local transport plan. In our view, that will require dedicated bus resource in each local authority. We think that the national bus strategy and subsequently the spending review are a good opportunity to fund that. It is much better to have that resource embedded in local authorities and working there, by the way, than to call on consultancy to provide that expertise.

Q201 **Chair:** Excellent. Thank you. We will await the bus strategy and will continue to feed in our ideas. I am sure you will do so as well. Mr Vidler, are you receiving any idea on timing of the bus strategy?

Graham Vidler: No. We hear, probably the same as you, that it could be a matter of weeks. It is wrapped up in finalising the content and then agreeing the right time to launch it.

Chair: Thank you for the extra information. We will move to another section. In a way we have been touching on it, so it is a convenient segue for Simon Jupp to take us through planning bus services outside London.

Q202 **Simon Jupp:** Clearly, of course, London's bus services are exemplary. They are regular services. The rest of the country does not always have those. With the exception of London, bus services are deregulated, as you have just been touching on. What reforms would you like to see on how local bus services are planned and regulated?

Alistair Hands: Focusing on where we are right now and the recovery, it is really continuing in the vein that we have. It is being able to continue to be flexible, to adjust services to new demand patterns and to have support while we go back to a sustainable position. If anything, at the moment, it is being clear on the timings and around registration to make sure that we are able to respond quickly as the situation of the pandemic develops. It is important that we do not get any blocks there.

I come back to the point we made earlier. After the recovery period, it is about being clear that anything we put in place will add value over and above what we are able to achieve through partnership.

Q203 **Simon Jupp:** Graham, the same question to you.

Graham Vidler: If we look beyond the immediate recovery period, as I said in answer to the previous question, our ambition is that every local authority in the country will be working in partnership with local bus operators. The nature of that partnership will vary, and should vary, from area to area, depending on local circumstances. In some areas, a voluntary partnership will continue to be the right approach. In other areas, I think we will see more take-up of some of the options under the Bus Services Act, such as enhanced partnership.



What is essential is that the nature of the partnership relationship builds confidence on both sides, so that from a local authority perspective, if I invest in greater priority for buses, I know what sort of service level I am going to get in response, and from an operator perspective, if I invest in new vehicles and increased frequencies, I know that they are going to be able to move more freely through the town or city streets and I can get more passengers on to them. That is the sort of approach that we already see working in Merseyside, for example, as Alistair referred to earlier. We need to see that across the country. It is about using better the powers that already exist, once we have the stable platform of a national bus strategy to build from.

Q204 **Simon Jupp:** Norman, the same question to you.

Norman Baker: We need more certainty over funding. In the rail industry, for example, we have five-year plans or control periods. There is nothing like that for buses. It would be good to have a three or five-year funding envelope so that people could plan properly with some certainty.

There needs to be better co-ordination of the funding streams. Personally, I think any funding for buses that comes from MHCLG—are those the right initials these days?—should be transferred to the Department for Transport so that there is one body, one Government Department, dealing with the bus industry rather than, effectively, two through the local government Department. I also think it should be ring-fenced, as I mentioned earlier, to give some certainty, so that you know what is going to be spent on buses over a period of three or five years.

We need to look at concessionary fares as a whole, not in terms of eligibility but in how they are handled. At the moment, we have local councils paying for bus journeys that are not being made. That does not seem to me to make much sense. That has to be looked at in the round as well.

We have to look at the London model for its pluses and minuses. The pluses are clear. There is a very good bus service in London. Buses are very frequent, they are normally heavily used and they are not too expensive, but because TfL then gets some money from the farebox in order to fund the contract payment it has made, it is hugely vulnerable if passenger numbers drop off. There is not quite the same vulnerability in the non-London areas.

If we want the bus network to grow, all those matters have to be looked at. Lastly, in terms of changes, no one has mentioned today that we have to reform BSOG. At the moment, it is a payment based on fuel. If we are going to try to decarbonise buses, that does not make sense. It should be based on a mileage quota rather than the fuel used.

Q205 **Simon Jupp:** That is a good point; thank you. One of the things that was introduced when we first saw combined authorities appear across the



HOUSE OF COMMONS

country was the idea of franchising and the additional powers that come with what is commonly known as a metro Mayor. We have them across the country, but none of them has introduced franchising. They have talked about it. Some of them have delved into it and had quite detailed discussions about it, but none of them has actually gone through and decided to introduce the system, preferring to go with partnerships in most places. Why do you think that is?

Graham Vidler: Why do I think more authorities have not gone down the franchising route?

Q206 **Simon Jupp:** Any really, in terms of the new combined authority Mayors.

Graham Vidler: Greater Manchester has consulted on it quite extensively and has indicated its intention to move in that direction. I think the simple fact is that it takes a long time to go through the franchising process. The consultation that is required, the development of a business case, the planning and the consideration and reconsideration of proposals takes a long time. We have seen that in Greater Manchester, even without the interruption of the pandemic. It took a number of years to get to the stage they have got to, and if they decide to proceed it will take several more years before we start to see improvements.

Franchising is a very long process. Any area that wants to consider going down that route needs to take into account the length of time it will take to get there and, as Norman was saying before me, the transfer of risk from commercial bus operators to local taxpayers that it will entail.

Q207 **Simon Jupp:** The same question to Alistair.

Alistair Hands: My answer is very similar to Graham's. It is a question of time and investment for the outcome. It will take a long time. There is a fair degree of investment in the process itself and the infrastructure to set it up. Along with that, there is the operational risk of running the services in those ways. If you compare that to what can be achieved, and the outcomes, through partnership, I presume that many authorities look at that balance and find it a little more attractive.

Q208 **Simon Jupp:** And Norman, finally.

Norman Baker: Partnerships are very attractive. If a partnership works well, in my view it is the optimum solution. As to why areas are not going down the franchising route, there is a huge cost just in the processing and the preparation. There is a risk afterwards, as Graham and I have mentioned, about the farebox and what that will produce. It is also, perhaps, the nature of the legislation. We have had successive Governments of different colours producing options for local authorities, effectively, to move away from the 1986 Deregulation Act. They have not really been progressed in any shape or form.

A call to contracts, if we go back to those, was equally not taken forward. They were not taken forward because the bureaucratic hurdles were



HOUSE OF COMMONS

thought to be too high. If the Government believe that franchising is an option that ought to be available to local areas, they need to make it easier to achieve. If they do not like franchising, it should not be there at all. There is no point in having franchising as an option that is difficult to achieve.

Q209 Simon Jupp: It is an interesting point. On that issue particularly, you have all mentioned the time it takes to introduce the system, to go through the process and the methods. If the policy itself, as it stands now, was simplified, would any of you advocate the idea of it being available beyond combined authorities, to usual transport authorities, county councils, and so on?

Norman Baker: Yes, I would. It is either a good option or not a good option. In a way, that is for local areas to decide and I do not think it is right to base it on whether a Mayor is in place or not. Indeed, I think that is the case in Cornwall. Cornwall is able to progress as it wants to, so that is an exception. It may well be the case that, if the option were available and it was simpler to implement, you might get rather more interest in bus services from county councils than you do at present.

Q210 Simon Jupp: Cornish independence is rife. The same question to Graham.

Graham Vidler: The process for developing and implementing franchising proposals is complicated, probably necessarily so. There is a lot at stake. The transfer of risk from operators to local authorities and local council taxpayers needs to be considered. There is the risk to the jobs of the people who work in the bus industry locally to be considered. The transfer of the rights of bus operators to operate routes in the area needs to be considered. All of those need to be considered in the context of the local transport plan and the broader local economic plan.

There is a lot of work to be done because it is a big, seismic shift in the way buses are operated. It is not one we should take lightly. I think we have probably got the balance about right, and we certainly should not be trying to simplify or shortcut the process.

Q211 Simon Jupp: Alistair, the same question to you. I sense that you might not be that keen on the idea of franchising being rolled out where you operate.

Alistair Hands: In response to the original question around simplifying the legislation, I do not think that simplifying the legislation would necessarily simplify the undertakings that are put in place for making it work. For that reason I do not think it would be our recommended way forward, no.

Q212 Simon Jupp: When I worked in local government, I experienced the idea of franchising in a combined authority. I used to work for the West of England Combined Authority. It sometimes depends on the interest in the relationship that the transport authority has with the bus company. If it is



HOUSE OF COMMONS

good, they are not interested and they go down the enhanced partnership route. If it is not, it is something they might want to use as an incentive to improve services locally. Is that something you would recognise?

Alistair Hands: I think quality of relationships and incentives to improve services locally are a good thing and certainly something we should look for as we want to build out from where we are now. There is the opportunity for us to do that as an industry, but I don't know that I would necessarily connect the two things.

Simon Jupp: I am glad that months of reading about franchising has finally come into use once more in my role.

Chair: I note that Karl McCartney's cat, Tiger, has fallen asleep, but Gavin Newlands's cat has been running amok. That might be because we are about to move on to funding of bus services, where there are normally Barnett consequentials in play. Let us go to Ruth Cadbury to take us through funding.

Q213 **Ruth Cadbury:** Thank you. We do not have a cat, so hopefully I will not be disturbed. I am going to pick up on the questions I asked the first panel. Forty per cent. of the bus industry's revenue comes from central Government and 60% from fares and very few other sources, certainly in volume of subsidy. Given the immediate and longer-term challenges facing the bus industry, what share of its revenue should come from taxpayers, and is there a greater opportunity for local authorities, if they had greater responsibility, to find alternative sources of revenue?

Norman Baker: I certainly think that there are alternative sources of revenue. I am fully in favour of steps to encourage people to take the bus, and financial steps are the ones that generally work best. People often do what is right for their pocket.

Workplace charging, which applies in Nottingham, as Lilian Greenwood will know very well, seems to me to have been a success. When it was first introduced, there were all sorts of people saying that it would damage the economy of Nottingham, but that seems not to have been the case at all. What it has done, it seems to me, is make Nottingham a better place to shop and spend time in. Car parking charges can be a way of encouraging people to move to bus, or indeed to rail, but it is important that they are not simply a measure taken when there is no alternative. There has to be a decent bus service to use if we are going to introduce such measures.

I would not agree that it is sensible to set a target for what should be paid for by the farepayer and what should be paid for by Government in some shape or form, local or national. That is artificial. It is not simply the bus passenger who benefits from the bus. If bus services are run well, as I believe most in this country are, it helps the wider agenda on climate change, air pollution and decarbonisation. Those have to be costed in the overall package as to their value to society.



The social connections that buses provide have to be valued as well. In many ways, the bus service is a social need locally, and it delivers part of the Government's wider agenda. That has an economic value. I would try to factor in those elements as well in deciding what the balance might be.

The last point on that from me is that, if you look at other European capital cities and big cities in Europe, the amount of subsidy—if you want to use that word—that goes into bus services is rather higher than it is in this country. That is not because they are less efficient, but because other towns and cities in Europe may see the value of having bus services that are relatively cheap and available to meet wider societal needs.

Q214 **Ruth Cadbury:** Thank you. Alistair?

Alistair Hands: I would probably echo a lot of what Norman said, and what was said in the previous panel. It is important to look at the value of the overall level of services, and the outcomes right the way across the economy of connectivity and driving economic growth and decarbonisation, and then look at funding in that context. At this moment, I would find trying to set a percentage very difficult. We need to see where we get to, but we would certainly recognise that in the longer term, with things like BSOG, there is the need to look at reforms and how they are targeted in order to deliver some of the objectives we are looking for.

Q215 **Ruth Cadbury:** Thank you. Lastly, Graham.

Graham Vidler: I am afraid I am going to agree with the previous two witnesses. There is no need to set a particular target. We need to make sure that there is always a healthy contribution from farepayers so that passengers remain in charge and we respond to their needs. As Norman said, we need to recognise the wider social and environmental benefits of bus and attract money from that. There is plenty of opportunity to attract new sources of revenue to the public transport system, whether through workplace parking levies or, to anticipate our evidence to this Committee's other inquiry, through using road pricing in future to fund public transport improvements.

Q216 **Ruth Cadbury:** Thank you. Finally, there have been a couple of mentions already by witnesses of BSOG—the bus service operators grant—saying that it is outdated and needs reform. Do any of you want to add anything about how the grant could be reformed to help the medium and long-term challenges for bus operators, unless you have already said your piece on it?

Graham Vidler: BSOG was originally a rebate on the fuel duty paid by bus operators. Unlike other modes of public transport, bus operators are not exempt from paying it. It has lost that purpose over the years and has become detached from the rate of fuel duty. As you might expect, it is lower than the rate of fuel duty.



The role it performs now is important in maintaining services at the margin and keeping fares lower than they otherwise would be, but it is an untidy one. It is a form of funding that is ripe for reform over the longer term. We ought to look at it in terms of the sort of bus travel we want to incentivise, in particular, and move away from the current position, which clearly disincentivises the purchase and use of zero-emission buses. Those are things that need to be done in the longer term, not over the next year or so when we are trying to recover in extremely uncertain circumstances.

Q217 **Ruth Cadbury:** Do you have anything to add, Alistair?

Alistair Hands: To reiterate the final point, I think some of those funding streams are baked into the economic model at the moment. As we think about resetting networks and getting to the point of stability, it is important that we go at it cautiously and thoughtfully, but recognise the need to do it as we start to think about bus service improvement plans and where we move to.

Norman Baker: There is absolutely a need to move away from BSOG as it currently is to incentivise and reward bus companies and operators who have invested in zero-emission buses. I agree with Graham and Alistair that that cannot happen tomorrow, but it should absolutely be part of the national bus strategy and there should be a time set for when it is going to happen and a lead-in period. That also requires a conjunction with the Government's aims to achieve zero-emission buses across the whole country and how that is achieved. The reform of BSOG should go hand in hand with that.

We have ROSCOs for trains. I would like to see a ROSCO for buses, where there is an opportunity for operators to lease buses in the way that operators of rail services lease trains. That is a way of getting more zero-emission buses on the road more quickly.

Ruth Cadbury: Thank you very much.

Chair: We have six minutes remaining and our final section is indeed on delivering zero-emission buses. There is no reason why we should not finish bang on quarter to. I hand over to Gavin Newlands and his cat.

Q218 **Gavin Newlands:** Thank you, Chair. Hint taken regarding the time.

There is a good segue from Norman's last comment. As we all know, the Prime Minister has pledged to deliver 4,000 zero-emission buses by the end of this Parliament in 2025. Mr Vidler, in your opinion, has the pandemic affected the ability of the industry to deliver on it?

Graham Vidler: Clearly, the pandemic has put a big pause in delivery against that ambition. It has done that in two ways. First, the way in which the industry has been funded over the last year has been on a cost-recovery basis. There are no bus operators who have made profits on their operation over the last year. That is the way CBSSG works. That means there is no spare capital to invest in buying vehicles.



HOUSE OF COMMONS

Secondly, the Government have been, quite rightly, focusing on dealing with the pandemic and its consequences and have not advanced policy on zero-emission buses as quickly as we would have liked. The good news is that there is still plenty of time left in this Parliament and there is a very capable manufacturing industry here in the UK that is ready to fulfil orders for thousands of zero-emission buses every year. What we need to crack through the current situation is clarity over the future funding stream.

We know there is £120 million available for the purchase of zero-emission vehicles next year. We need to know what comes after that. We need to be a little bit more innovative in thinking about how the purchase of the buses is supported at a time when bus operators are all operating without profit. Rather like Norman, we have put forward to Government a model for leasing vehicles in future, which would enable Government to pool their investment in zero-emission buses with some private finance. We think that could get the job done much more quickly and enable the Prime Minister's ambition to be met. Also, very importantly, it would enable the order books of the UK's wonderful bus manufacturing industry to start to fill up again.

Q219 Gavin Newlands: Thank you. You have already touched on the second question I was going to ask. I will come back to you on that, and then open it up to the other panellists.

We are aware of the commitment in the spending review for £120 million in 2021-22. Is that enough in the interim? As you will be well aware, jobs have already gone from the bus manufacturing sector. It is of importance to Scotland because there are hundreds of jobs at ADL near Falkirk. The Scottish Government's SULEB scheme has been reopened, as of late January. Another £25 million is already being spent in Scotland, which would deliver 140 buses. The ratio would be 1,500 buses in the UK. The Scottish Government are seemingly trying to press ahead a bit quicker. To try to give more certainty to the industry, is that something you would like to see ramped up by the UK Government?

Graham Vidler: It is very important that the forthcoming national bus strategy and, subsequently, the spending review give clarity about the amount of funding that will be available after that £120 million. We will need to do rather better than £120 million per year over the lifetime of this Parliament if we are to deliver on that 4,000 buses ambition.

Q220 Gavin Newlands: I am conscious of the time, but do you have anything to add, Mr Hands, from the Arriva point of view, on the questions or the points I have raised?

Alistair Hands: I think Graham has answered it around the £120 million and the 4,000 buses in terms of size and scale. Key for us is trying to bridge the gap in cost of operation between the new zero-emission vehicles and current vehicles, and how we look at different models or stimulate the market in volume to try to bridge that gap.



Q221 **Gavin Newlands:** To be quite clear, is there any difference from Arriva's point of view in the model in the SULEB scheme in Scotland and the scheme that the UK Government use, or are they largely similar?

Alistair Hands: I am sorry, I did not quite catch that.

Q222 **Gavin Newlands:** Is the scheme whereby operators apply for grant funding for electric buses the same or very similar in Scotland and the rest of the UK, or are you not sure?

Alistair Hands: I am not sure that I can answer that question specifically, but I would be happy to write to you.

Q223 **Gavin Newlands:** Norman, do you have a quick comment before we conclude this section?

Norman Baker: Yes. I answered the question before you asked it, as a matter of fact, as part of the answer to the last question. The one point I would add is that it is very important, with our good bus manufacturers in the UK, that we have a steady order stream. There is nothing worse for a manufacturer than stop-start. We are going to see orders for zero-emission buses right across the world. We are in a very good position to take advantage of that in this country, not just with ADL in Scotland but in Northern Ireland, with investment in hydrogen buses and so on. We absolutely have to make sure that our bus manufacturing industry is protected, and the best way to do that is a steady stream of orders.

Q224 **Gavin Newlands:** Thank you. Mr Vidler, can you answer briefly, to finish off the session?

Graham Vidler: The SULEB scheme in Scotland is more generous than equivalent schemes that have been run in the past in England. Both schemes pay up to 75% of the differential between the purchase price of a diesel bus and a zero-emission bus. In addition, the Scottish scheme pays an enhancement per mile to BSG, which is, as you know, the Scottish equivalent of BSOG.

Gavin Newlands: Thank you very much. I am almost on time. Apologies for being a minute late, Chair.

Chair: Thank you very much indeed, Gavin. That concludes the session. I thank all three witnesses for giving us such complete evidence. Through you, can we as a Committee recognise all the service that those who work in the bus industry have given during the pandemic? They have put themselves on the frontline. Perhaps they are not talked about as often as those who work in the NHS, care and teaching, but my goodness they have absolutely delivered, and at some cost. I pass on our best wishes to all the workforce. Thank you again.