



House of Commons  
Transport Committee

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# Implementation of the National Bus Strategy: Government response to the Committee's Fourth Report

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**Sixth Special Report of  
Session 2022–23**

*Ordered by the House of Commons  
to be printed 6 June 2023*

## Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure of the Department for Transport and its associated public bodies.

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### Committee staff

The current staff of the Committee are Jonathan Arkless (Committee Specialist), Millie Bacon (Inquiry Manager), Judith Boyce (Clerk), Daniel Gillett (Committee Specialist), Alexandra Hunter-Wainwright (Committee Operations Manager), Olivia Rose (Media Officer), Abi Samuels (Second Clerk), Owen Sheppard (Senior Media Officer), and Mandy Sullivan (Committee Operations Officer).

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You can follow the Committee on Twitter using [@TransportCttee](https://twitter.com/TransportCttee).

# Sixth Special Report

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The Transport Committee published its Fourth Report of Session 2022–23, [\*Implementation of the National Bus Strategy\*](#) (HC 161) on 30 March 2023. The Government response was received on 26 May 2023 and is appended below.

## Appendix: Government Response

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### Introduction

In welcoming this report, the Government would like to thank the Transport Committee for undertaking its inquiry into the Implementation of the National Bus Strategy.

We welcome the Committee's view that the 2021 National Bus Strategy was ambitious, full of good ideas and supported by extra much-needed funding. We also recognise that the transformation promised by that Strategy has yet to be fully achieved, and that this will require the Government to maintain its focus on buses.

The Government continues to work with operators, authorities and passengers on delivering the aims of the National Bus Strategy, supported by the largest investment in bus services in a generation, including over £1 billion allocated in the first tranche of Bus Service Improvement Plan funding. We remain committed to supporting the introduction of 4,000 zero emission buses (ZEBs) and achieving an all-ZEB fleet as part of our wider plans to decarbonise transport. Since February 2020, approximately 3,400 ZEBs have been funded across the UK and we have awarded over £300m of dedicated funding for ZEBs and associated infrastructure.

We remain committed to ensuring that disabled people can use bus services as easily and confidently as non-disabled people and, on 30 March, laid Accessible Information Regulations in Parliament. The Regulations have now been approved by both Houses of Parliament and will come into force in October. They will require the provision of audible and visible information onboard local services in Great Britain, announcing the route and destination, each upcoming stop, and the beginning of diversions. We hope this important change will make a significant difference to the ability of disabled people and others to travel with confidence and reach their destinations.

The Government also continues to support the sector's recovery from the pandemic, and the extension of recovery funding for bus services around England demonstrates that we are doing all we can to support the sector in the context of new travel patterns following COVID-19. Emergency and recovery grant funding has now amounted to over £2bn since the start of the pandemic, and we are working on a long-term plan to provide certainty to the sector once the Bus Recovery Grant ends.

We have also taken steps to support bus services, while supporting passengers in the context of an elevated cost of living by introducing and then extending the £2 Bus Fare Cap through an investment of up to £135 million between January – June 2023. In addition to this exceptional funding, the Government also continues to provide around £250 million

per year through the Bus Service Operators Grant (BSOG), which benefits passengers by helping operators keep fares down, and enabling operators to run services that might otherwise be unprofitable and could lead to cancellation.

On 17 May 2023, we announced a long-term approach to support bus services, providing an additional £300m funding from July 2023 until April 2025, with £150m provided for July 2023–March 2024 and £150m for April 2024–April 2025. We also announced another £200m to extend the £2 fare cap until 31 October, transitioning to a £2.50 fare cap to run until end November 2024.

We are also taking steps to help improve the passenger experience and drive a new generation of highly skilled bus professionals to the sector by establishing a new virtual Bus Centre of Excellence to boost skills and good practice in the sector.

Together, these measures show that the Government is absolutely committed to delivering the aims of the National Bus Strategy, and will work with operators and authorities to overcome barriers that stand in the way.

The Government's responses to the Committee's recommendations are set out below:

## Recommendation 1

***The Government should commission and publish an independent analysis of the first tranche of Bus Service Improvement Plan funding. It should then consult on the structure and aims of a further disbursement of 'transformation' funding. Underpinning this should be a firm commitment to make available significant further funding to support the implementation of the National Bus Strategy.*** (Paragraph 59)

The Government has noted this recommendation.

In August 2022 we commissioned the Bus Transformation evaluation. This includes the delivery of programme level monitoring and process, impact and value for money evaluation of initiatives implemented through Bus Service Improvement Plans (BSIPs). The contract also includes evidence synthesis, analysis and reporting of wider monitoring and evaluation of activities that sit under the National Bus Strategy.

The evaluation aims to:

- Understand which interventions improve bus services, where, when and how
- Build a comprehensive understanding of the impact and effectiveness of BSIPs and wider bus investments
- To identify best practice and lessons learnt
- Assess the extent to which the National Bus Strategy meets its objectives.

The contract is due to end in March 2025. We will publish the final findings and, where possible, will publish and share learnings with external stakeholders at the interim stages.

The 2021 Spending Review set out that over £1 billion of transformational funding would be available for implementation of Bus Service Improvement Plans (BSIPs). This funding has now been fully allocated.

Our announcement on 17 May 2023 included £160m additional funding to be provided to LTAs through a Bus Service Improvement Plan plus (BSIP+) mechanism focused on improving bus services in local areas, whilst allowing local authorities to make local decisions on protecting services.

£8.8 billion was announced at Spring Budget to transform local transport networks in city regions across England, through a second round of the City Region Sustainable Transport Settlements (CRSTS) programme for five years from 2027. This builds on the unprecedented investment package of £5.7 billion between 2022/23–26/27 for eight Mayoral Combined Authorities.

In addition to our plans to reform the Bus Service Operator Grant, we have also announced plans to further support the bus sector from the end of June 2023, when current recovery funding ends, through a further £140m to be provided to operators through a Bus Service Operators Grant plus (BSOG+) mechanism.

## Recommendation 2

***Bringing more coherence and collaboration between local transport authorities and bus operators to local bus services is undoubtedly a good idea. But Enhanced Partnerships are a largely untested way to do this. The Government has made a big bet on them being the right model. It must carefully monitor how well they are working and ensure appropriate contingencies are in place.*** (Paragraph 69)

The Government accepts this recommendation.

The Government is working closely with Local Transport Authorities (LTAs) and bus operators on Enhanced Partnerships (EPs) and to monitor how well they are working. The EPs record the obligations that LTAs and their bus operators have agreed, through partnership working, to improve bus services in their area, and once these are finalised, the LTA and operators are legally required to deliver those improvements.

It is the responsibility of each individual LTA to establish a strong governance mechanism and decision-making body through an Enhanced Partnership Board, supported by an Enhanced Partnership Forum and other groups where appropriate. As part of this structure, the LTA is accountable for applying a suitable monitoring and evaluation process, publishing regular updates against headline targets and proposing and applying variations to their Enhanced Partnership where adjustments are needed.

The Department has appointed a dedicated relationship manager to each LTA to monitor and provide bespoke advice on delivery of BSIP outcomes through the EP and help support the governance processes outlined above. Discussions with each

LTA and their bus operators and progress made in delivering their BSIP outcomes are also recorded using internal DfT processes.

Feedback from some LTAs has indicated that EPs are already providing a strong mechanism for improving engagement with their local bus operators, helping to build a successful and collaborative one-team approach with the ability to deliver key innovations to improve local bus services. We recognise that not every LTA has yet achieved that level

of engagement, but the Department has committed to providing the support, including through monthly online bus forum events and training resources to be delivered through the recently launched Bus Centre of Excellence.

The Department acknowledges that EPs are a new and untested mechanism and for that reason, sufficient time must be allowed for these to be fully embedded, recognising that there are variations in LTAs' capability and capacity.

BSIP guidance issued by the Government notes that individual LTAs can switch from delivering their bus network, including planned improvements, through an EP to developing a franchising business case (or vice versa) at any time; non-Mayoral Combined Authorities would need to apply to the Secretary of State for franchising powers and demonstrate how franchised bus services would provide more benefits more quickly for local people than an EP.

### Recommendation 3

*The Government made various commitments in the National Bus Strategy that we welcomed, as did many in the bus sector. It said it would provide new guidance on socially and economically necessary services and on bus franchising. It also suggested it would consider introducing a statutory requirement on local authorities to provide services deemed socially or economically necessary and look again at the ban on new municipal bus companies. Two years on, none of these things have happened and the long-term security of many bus routes that are vital for communities remains uncertain. The Minister told us to expect announcements in late 2022, but we were disappointed. While we accept the last two years has been a busy time for the Department, we urge the Government to put its promises into action.* (Paragraph 77)

The Government accepts the committee's recommendations on franchising and municipal bus companies, and partially accepts the recommendation on Socially and Economically Necessary services (SENS).

We plan to publish new guidance on socially and economically necessary services (SENS) during this Parliament.

As the National Bus Strategy states, the mechanism to deliver more comprehensive SENS will be through BSIPs. In time, if the objectives of the new guidance are not achieved by agreement we will consider statutorily requiring the provision of socially and economically necessary bus services, including those which improve people's access to employment.

The revised franchising guidance will be published as soon as possible and provide more detailed and clearer advice on producing a franchising business case and using franchising powers to deliver NBS and BSIP outcomes.

We will publish a Call for Evidence during this Parliament, as the first part of a review into whether it remains right that local authorities cannot set up new municipal bus companies.

## Recommendation 4

*The Government should set out a clear, staged plan for the full transition to zero-emission buses, in tandem with the delayed response to its consultation on ending the sale of non-zero-emission buses. This should include a clear long-term funding plan focussed in particular on difficult to decarbonise rural routes and supporting the installation of costly new infrastructure. It should keep an open mind about whether this transition could also involve synthetic fuels alongside battery electric and hydrogen vehicles.* (Paragraph 104)

The Government partially accepts this recommendation.

Buses have a crucial role to play in transport achieving net zero and driving the green transformation. As such, the Department consulted on setting an end date for the sale of new non-zero emission buses in spring 2022, inviting views on a date range of 2025–32. We will shortly make an announcement on the end of sales date, and publish the consultation response. In addition we will set out in due course the UK’s roadmap to achieving an entirely ZEB fleet. This will include a date as to when we expect the UK to achieve an all zero-emission bus fleet.

In this Parliament we have so far awarded over £330m of dedicated funding for ZEBs in England of the total allocated through the Spending Review 2021. Areas that have received Zero Emission Bus Regional Areas (ZEBRA) funding, include some predominantly rural areas, such as North Yorkshire which received £7.8m.

As well as supporting new zero emission buses, ZEBRA funding enables bus depots to be upgraded with infrastructure to accommodate new electric or hydrogen vehicles. The development of energy storage and smart charging technologies can also mitigate the need for expensive grid connections, both in rural and urban areas. The ZEBRA scheme encouraged bidders to consider these innovative energy solutions, ensuring that areas with poor connectivity are still able to benefit without the need for prohibitively expensive grid reinforcement.

The UK is subject to the World Trade Organisation’s (WTO) Government Procurement Agreement (GPA), which opens up procurement markets among its parties. As such, UK businesses can bid for certain procurement opportunities in the other parties’ territories and vice versa. UK-based manufacturers and other businesses have benefited from funding schemes including the Zero Emission Bus Regional Areas (ZEBRA), the All-Electric Bus Town or City scheme and the City Region Sustainable Transport Settlement scheme. Wrightbus and Alexander Dennis Ltd have, so far, received orders for nearly 500 ZEBs and 350 ZEBs respectively from these UK Government funding schemes.

We have already seen rapid growth in the proportion of new buses that are zero- emission, as a result of government investment through schemes such as ZEBRA. We have also seen significant growth in our domestic manufacturing industry. This momentum is now being built upon outside of direct grant funding schemes: National Express has recently ordered 300 ZEBs from Alexander Dennis.

Setting an end of sales date for non-zero-emission buses will provide further impetus for development of the UK’s zero emission vehicle supply chain and our automotive industry,



so we can lead the transition to zero emission vehicles and seize new opportunities for growth and innovation. We intend to announce this date shortly—to give the bus sector the certainty they need to plan for a zero-emission future.

In tandem with this, the NBS also encouraged LTAs to consider Demand Responsive Transport, which may produce lower emissions overall than regular fixed route services, as they only run where and when there is demand. However, due to the distances involved, this can still involve substantial mileage without passengers.

Through the £20 million Rural Mobility Fund pilot, 15 local authorities are trialling demand responsive bus services in rural and suburban areas. Some of these pilots are running electric vehicles, including two running entirely electric.

As Community Transport predominantly operates in rural areas, and given its not-for-profit nature, it can be more challenging to obtain new vehicles. As the market for zero emission vehicles continues to develop, we expect prices to come down, as has been seen in the car and van market.

In the coming months the Government will publish its Future of Transport Rural Strategy. This strategy will—like the Urban Strategy, published in 2019—provide strategic principles to ensure non-urban areas benefit from changing technologies and services in mobility. The Rural Strategy is aimed at local authorities and operators and will include practical case studies on how to introduce new services in an inclusive way.

The Transport Decarbonisation Plan was clear that removing tailpipe emissions, where possible, is fundamental to decarbonising transport, given their significant contribution to the UK's total domestic greenhouse gas emissions.

The Government is, therefore, committed to achieving an all zero-emission bus fleet. We believe that, at the present time, any Government investment in, or further consideration of, synthetic fuels for buses would not be consistent with our aim of all buses being zero emission at the tailpipe. However, we are monitoring the situation closely as technology advances and will explore any future innovation with an open mind.

## Recommendation 5

***The Government must consult on Bus Services Operators Grant reform now and proceed as quickly as is feasible to introduce a new funding formula which incentivises operators to transition to zero-emission buses.*** (Paragraph 110)

The Government partially accepts this recommendation.

The Government has already taken steps to incentivise the uptake of ZEBs through BSOG. From April 2022, Government introduced a 22p per km rate at which the Bus Service Operators Grant can be claimed for ZEBs.

We are working on proposals for a consultation on reforming the Bus Service Operator Grant (BSOG), as committed to in the National Bus Strategy. We will publish the consultation later this year, seeking views from bus operators and local authorities that claim BSOG funding on a number of measures to modernise and future-proof the grant.



A modernised BSOG will need to balance departmental priorities to ensure it can be as effective as possible in supporting the bus sector. The role of BSOG in delivering these aims will depend on the overall funding made available for the sector through both capital and revenue support. We cannot confirm the exact content of the reformed BSOG until we have analysed evidence gathered through responses to the consultation.

The consultation will include a proposal on changes to the payment metric by which funding for bus operators is calculated. Through the consultation we will explore mechanisms by which BSOG could support ZEB uptake and use, which may include a separate rate for zero-emission buses.

## Recommendation 6

*The Government should set out clearly how it plans to evaluate the success of the National Bus Strategy across its various strands. It should also set out an indicative timescale for the scoping, consultation, and publication of future iterations of the Strategy.* (Paragraph 116)

The Government has noted this recommendation.

Multiple monitoring and evaluation projects are currently being delivered for activities which sit under the National Bus Strategy. This includes bespoke evaluation projects for initiatives funded through Bus Service Improvement Plans (BSIPs), the Zero Emission Bus Regional Areas (ZEBRA) scheme, the Rural Mobility Fund (RMF).

Additionally, as part of the Bus Transformation evaluation, evidence synthesis, analysis and reporting will be conducted for all monitoring and evaluation activities that sit under the National Bus Strategy.

The National Bus Strategy set out our long-term vision for buses: firstly, to get overall patronage back to its pre-Covid-19 level, and then to exceed it, by making the bus a practical and attractive alternative to the car for more people.

The NBS is in the early phases of delivery, with BSIP funding allocated until March 2025 and the vast majority of LTAs having recently completed the statutory process to introduce an Enhanced Partnership. The statutory process for franchising takes longer, and no LTA has yet completed this process. The evaluation of the NBS will be completed, at the earliest by March 2025.

We are concentrating on ensuring the NBS is delivered and embedded throughout the country. It would be premature to set a date for future revisions of the Strategy at the present time.

Since March 2020, we have provided over £2 billion in support to the bus sector to protect vital bus services.

Costs for bus operators have significantly risen and travel patterns are continuing to adapt in response to challenging economic circumstances, which is why we have already provided up to £80 million to extend service support for the bus sector in addition to extending the £2 Bus Fare Cap until 30 June 2023.

We recognise, however, that the bus sector continues to face a number of ongoing challenges as operators and Local Transport Authorities (LTAs) work to adjust their networks to reflect new travel patterns. This is why we have announced a long-term approach to support and improve bus services with an additional £300m to support services from July 2023 until April 2025.

It will be important to understand the continued impact of our new funding in supporting the travelling public, enabling connectivity and the ambitions set out in the National Bus Strategy and our plans to grow the economy, creating better-paid jobs and opportunity right across the country. We will work to do this, in collaboration with local authorities and the bus sector.

We have also announced that we will be extending the £2 fare cap scheme for a further four months from 1 July until 31 October 2023, to help save people money during the ongoing cost of living crisis and make bus travel cheaper for passengers. This will be followed by a longer-term fare cap of £2.50 from 1 November 2023 to 30 November 2024, at a total cost to the Department of up to £200m.

We also expect to publish the findings from the £2 Fare Cap monitoring and evaluation. The Bus Transformation evaluation, including findings from the evaluation of BSIPs and the wider National Bus Strategy, are expected to be published when the project finishes in 2025. We will share learnings and interim findings beforehand where possible.