

Written evidence submitted by Alexander Dennis Limited (ADL) (BUS0018)

<https://committees.parliament.uk/work/6556/national-bus-strategy-one-year-on/>

1. ABOUT ADL

1.1. Alexander Dennis Limited (ADL) is a global leader in the design and manufacture of double deck buses and is also the UK's largest bus and coach manufacturer with a market share consistently above 50%. ADL offers single and double deck vehicles under the brands of Alexander Dennis and Plaxton and has over 31,000 vehicles in service in the UK, Europe, Hong Kong, Singapore, New Zealand, Mexico, Canada and the United States. ADL has a well-invested product range aligned to the zero-emission age. Despite the pandemic challenges, ADL remain the largest employer in the bus and coach manufacturing space in the UK, with teams located across eight sites. ADL is part of NFI Group Inc., one of the world's largest independent global bus manufacturers.

2. EXECUTIVE SUMMARY

- 2.1. Two years from the commitment made by the Prime Minister in February 2020, there is a lack of fundamental progress in deployment.
- 2.2. The Prime Minister's commitment to deliver 4,000 new zero emission buses during this Parliament is strongly welcomed and manufacturers are ready to deliver on it.
- 2.3. However, unless the funds are committed and orders made soon, there will not be time to get the new vehicles into service in time to meet this pledge.
- 2.4. It appears that the initial commitment has been watered down over time – from delivered in this Parliament, to on order in this Parliament, to funding available in this Parliament

3. THE CHALLENGES FACING THE SECTOR AS IT RECOVERS FROM THE PANDEMIC

- 3.1. The impact of the pandemic has posed unprecedented challenges on every aspect of the UK bus and coach industry. At its worst, bus ridership plunged ~90%. Ridership has seen some recovery but remains ~25% down versus pre-pandemic levels.¹ We continue to face the danger of a car-led recovery.
- 3.2. The huge reduction in numbers of passengers using public transport has had a profound impact on the UK bus manufacturing industry. Bus manufacturing is traditionally a low-margin industry which relies on a steady flow of orders to maintain industrial capacity and jobs. The UK market in the long run typically commissions 2,500 buses per year from UK customers.
- 3.3. In 2021, 1,377 new buses were registered in the UK and Ireland. This is a slight recovery (+8%) against 2020 but remains well short of typical market volumes before the pandemic.² All three domestic manufacturers (ADL, Optare/Switch and Wrightbus) maintained their volumes almost exactly at 2020 levels. The modest growth primarily benefited importers.
- 3.4. This ongoing demand swing is unsustainable. With complex supply chains and the contract nature of vehicle orders, our industry cannot simply switch facilities on and off. Decisions about manufacturing capacity and staffing requirements therefore need to be made accordingly.
- 3.5. The challenge has been further exacerbated in the years prior to the pandemic. Annual bus replacement levels were below the long-term average, suggesting a longer period of underinvestment. For context, of the 38,000 buses nationally, only 12% are hybrid and 2% are zero emission (4% in London and 1% outside London).³

4. EFFECTIVENESS OF STEPS TAKEN BY BOTH GOVERNMENT AND STAKEHOLDERS

- 4.1. The national bus strategy is ambitious, centred on economic, social, and environmental benefits. ADL welcomes these ambitions. However, one year on, there is much left to be desired – sentiment remains strong, but

deployment lags - ambitions must turn into actions to ensure success of the National Bus Strategy

- 4.2. In February 2020, the Government pledged 4,000 new zero-emission, British-built buses by the end of 2024. More than two years on, none of the vehicles are on the road. As the pledge forms a key pillar of the national bus strategy, lack of delivery on this pledge should be construed as lack of progress for the national bus strategy itself. British manufacturers and the extensive supply chain have invested hundreds of millions of pounds in R&D to support next generation green bus deployment and remain primed to deliver.
- 4.3. By far the largest challenge facing manufacturers is the significant lag between policy announcements and vehicle ordering and deployment. It can take years for any policy benefit to filter through to the manufacturer. This slow execution continues to put the UK bus manufacturing space in a perilous position. Unless funds are committed and orders made soon, there will not be time to get the new vehicles into service in time to meet the Prime Minister's promise. By pushing decisions down the road, there becomes an increasing danger that operators will have to look to overseas companies for quicker and cheaper options when the intention was that they are British-built.
- 4.4. Additionally, the ambitions of local authorities and bus operators is outstripping the availability of funding. The national bus strategy challenged local authorities and bus operators to set out jointly how they would transform bus services. All 79 local transport authorities in England submitted Bus Service Improvement Plans (BSIPs) which outlined how they intend to transform local bus services. Current funding is likely to be able to transform bus services in only a small number of places, including our major cities, but the vision of the national bus strategy was rightly much greater.⁴ A clear timeline is required to demonstrate how funds will be deployed to support the industry across the board.
- 4.5. Government must outline a clear pathway of fund deployment to support British manufacturers and support the recovery of bus ridership to prevent a car-led recovery.

5. PROGRESS AGAINST AMBITIONS AND TARGETS SET OUT IN THE NATIONAL BUS STRATEGY

- 5.1. At present, only £320m of an estimated total of £4bn has been allocated to meet the commitment to fulfill the 4,000 new zero-emission, British-built green bus pledge. There is a long way to go as the current allocation of funds represents a mere 8% of the overall funding ambitions. Without swift deployment of funds and vehicle orders, the Prime Minister's commitment will not be delivered.
- 5.2. The UK has led the world in setting ambitious and vital targets for reduction in emissions and improvements in air quality, as signaled by legislation to meet Net Zero by 2050; Presidency of COP26 and the landmark Environment Act.
- 5.3. The Prime Minister's commitment to deliver 4,000 new zero emission buses during this Parliament is strongly welcomed and manufacturers are ready to deliver on it, but this will only be possible if capacity and the UK skills base can survive until those orders are made. Without swift deployment, those 4,000 buses will end up built not in Yorkshire or Falkirk but in Germany or China. Once lost, the capacity and green skills leadership required to manufacture these technologies will not be recovered.

6. INNOVATION IN THE SECTOR

- 6.1. Manufacturers are committing significant resource and capability to researching and developing the next generation of zero emission vehicle technology. ADL are ready to serve the market needs today by offering the broadest range of zero emission and low emission vehicles in the UK.
- 6.2. However, technology is not sitting still, and we are readying for tomorrow. ADL and its industry peers continue to invest in the greenest and cleanest technology to evolve the existing zero emission line-up. R&D investment is underpinned by a steady flow of vehicle orders. The industry is ready to support the Government meet its 4,000 new zero-emission, British-built green bus pledge but requires a clear timeline to getting vehicles on the road.

6.3.If Global Britain is to be an exporter rather than importer of these advanced technologies, technical expertise and a skilled workforce must be maintained.

March 2022

Endnotes

¹ [Transport use during the coronavirus \(COVID-19\) pandemic - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/transport-use-during-the-coronavirus-covid-19-pandemic)

² [Bus Lists on the Web](#)

³ <https://www.theguardian.com/uk-news/2022/feb/26/boris-johnson-promise-build-4000-zero-emission-buses-green-transport-revolution>

⁴ <https://bettertransport.org.uk/media/15-Mar-2022-bus-back-better-one-year-on>