

Written evidence submitted by Stagecoach (BUS0043)

Introduction

1. Stagecoach is Britain's biggest bus and coach operator, providing local bus networks and inter-urban bus and coach connections. We operate around 7,900 vehicles connecting over 100 communities across the UK through 19 regional Bus Operating Companies under the Stagecoach brand. We operate local bus services across England in urban, suburban and rural communities and this breadth of operating environment gives us a wider perspective on the opportunities and challenges in delivering bus services to our customers and communities.
2. The evidence below focuses in particular on our experience in working with local authorities to develop Bus Service Improvements Plans (BSIPs), the innovation that we are introducing, and bus decarbonisation. On the recovery of bus services following the pandemic and bus funding, we refer the Committee to the written evidence provided by our trade body, the Confederation of Passenger Transport.

National Bus Strategy

3. **The London model:** The National Bus Strategy focuses in particular on the example of London as the model for other cities and communities to follow. Public transport in London has been a success but that has been the result of significant funding and policy interventions over an extended period, such as the establishment of the congestion charge in 2003, high frequency services and investment in bus priority measures, that has driven significant modal shift. London has a higher level of public support per passenger journey and so the experience in London is not directly applicable to other areas in its entirety.
4. **Multi-operator fare capping:** That said, elements of the public transport system, such as TfL's Oyster and cEMV fare capping schemes for multi-operator and multi-modal journeys within the TfL area, have wider applications. Working with other bus operators, Stagecoach has been developing proposals for a multi-operator fares capping scheme that could deliver London-style ticketing on a national basis within the lifetime of this Parliament. We believe that prioritising the funding of such a scheme would

deliver very significant gains for customers across the country, complementing bus priority and other initiatives in local areas.

5. **Need for modal shift:** The National Bus Strategy focuses on improving the attractiveness of bus services as a means to increase bus patronage and reduce transport emissions. That 'pull' factor onto bus services is unlikely on its own to deliver the modal shift required to achieve the UK's Net Zero ambitions, given the increase in private car usage relative to bus patronage through the COVID pandemic recovery. We recommend that the Government and local authorities implement further policy measures, such as congestion charging, road pricing, workplace parking levies or other forms of parking control, to provide a 'push' away from private car use where bus services may be the most appropriate mode of transport. We further recommend that the Government considers how reform of the motoring taxation framework, required to reflect the decline of fuel duty receipts with increasing electric vehicle deployment, could support modal shift away from private car use to greater use of public transport. We also recommend that the Government uses the expertise that it has available on behavioural insight to create incentives for people to use public transport.
6. **Bus marketing:** Government messaging around pandemic precautions on public transport continue to act as a drag on bus patronage recovery (particularly on concessionary travel) and we recommend that the Government works with the industry to restore public confidence in the public health safety of public transport. This should include visible championing by senior Government Ministers and a joint marketing campaign between the Government, local authorities and the industry, similar to the current 'Get back on track' campaign in the rail sector.

Innovation

7. The bus sector has been undergoing considerable change over recent years as a result of innovation and the introduction of new technology into our operations, even before the publication of the National Bus Strategy. Examples of the innovation being undertaken by the sector include:

Customer innovation

8. Bus operators are introducing new ticketing products to reflect changing customer demands. The National Bus Strategy makes much of the introduction of new multi-operator tickets, but this is not a new

development and many multi-operator tickets already exist where there is a clear customer demand. Whilst many BSIPs identify enhancements of existing multi-operator products, it is not clear whether there is significant untapped demand for multi-operator products where they do not already exist.

9. Following the pandemic, commuting patterns have changed, with many workers following a hybrid work pattern. To reflect this, Stagecoach has introduced Flexi5 and Flexi10, a carnet ticket product that offers significant discounts off single fares for those commuting on a flexible basis. As identified above, operators are also collaborating to develop a multi-operator fares capping product to offer our customers the best value tickets for their journeys.

Operational innovation

10. Bus operators are introducing new technology to improve the efficiency of our operations and keep costs down. Stagecoach has introduced a new scheduling tool (Optibus) that enables us to schedule our services to deploy our vehicles as effectively as possible and optimise route timetables. For many years, we have been using a driver feedback system (GreenRoad) which gives our drivers real-time guidance on their driving style to encourage behaviour that minimises fuel consumption, improving the emissions performance of our services.
11. The introduction of zero emission buses requires a wider skill set amongst our vehicle engineers and technicians. To address the additional skills required in servicing and maintaining a wider range of powertrains, we have developed multi-disciplinary apprenticeship courses that cover both mechanical and electrical engineering skills. We have also introduced a new 'master technician' grade to reflect the increased skills levels required to service and maintain the new powertrains being introduced.

Commercial innovation

12. Bus operators are also exploring new commercial models. The National Bus Strategy identified the potential of Demand Responsive Transport (DRT) as a key element in a future public transport system. During the pandemic, Stagecoach introduced pilot DRT schemes to support NHS staff travelling to and from work. We have operated the Teesflex DRT scheme in partnership with the Tees Valley Combined Authority and have just launched the Ting DRT scheme in West Huntingdonshire, working with the Cambridgeshire

and Peterborough Combined Authority. These schemes are currently being operated on a pilot basis, as funding support is required to make the schemes commercially viable, but we will be assessing these schemes to understand the potential for DRT schemes within a wider public transport network.

13. The move to zero emission buses may also offer new opportunities for bus operators. Stagecoach is working with SSE to pilot the concept of a community charging hub in Scotland. Electric buses will be charged primarily at night when bus services are not operating, so the charging infrastructure is available during the day for other electric vehicles to charge. The pilot project will explore the practical and commercial issues in making the bus charging infrastructure available outside of bus charging hours for the wider community to use.

Autonomous buses

14. In recent years, there have been significant developments in autonomous vehicles, not only for passenger cars but heavy duty vehicles as well. Because of the pre-determined routes that buses operate, bus services may be a prime candidate for the introduction of autonomous driving technologies. Supported by the Government's Centre for Connected and Autonomous Vehicles, Stagecoach is part of the CAVForth consortium¹ to launch the UK's first autonomous bus service, running in East Scotland connecting Ferrytoll Park and Ride in Fife with Edinburgh Park transport interchange. The CAVForth project builds on a Stagecoach-funded project with Fusion and ADL in 2018 to produce a prototype bus that could get fuel, go through the bus wash and park itself up for the night all at the push of a button. In March 2022, Stagecoach Highlands successfully bid for a contract from the transport partnership, Hitrans, to operate an autonomous shuttle around Inverness Campus in collaboration with AV supplier Navya.

Bus Service Improvement Plans (BSIPs)

15. **Developing BSIPs:** Stagecoach welcomed the National Bus Strategy when it was published in March last year, praising the Government's commitment today to maximise the potential of buses to help achieve the country's objectives, particularly as it looks to recover from the Covid-19 pandemic. Following the publication of the strategy, we have worked intensively with

¹ The consortium partners are Stagecoach, Fusion Processing, Alexander Dennis Limited, Transport Scotland, Bristol Robotics Lab and Edinburgh Napier University

local authorities to develop Bus Service Improvement Plans, setting out the practical steps and commitments required to deliver significant improvements in bus services. We have contributed to fifty-nine of the seventy-eight BSIPs prepared by local authorities.

16. **Quality of BSIPs:** At the time of the NBS launch, we were concerned about the ability of local authorities of varying sizes and capacities to deliver the BSIPs to a consistently high standard in what was a compressed time period. Given those concerns, we believe that the BSIPs have exceeded our expectations overall, with most local authorities working collaboratively with bus operators and the wider community to identify robust and evidence-based plans. In a very small number of cases, the BSIPs have been weaker, typically where bus services are play a minor role in an area's local transport network or where they are not a political priority.
17. **Partnership working:** The strength of the BSIPs is due in part to the close engagement of bus operators in an open and collaborative relationship with local authorities and operators have invested significant resource to ensure that the BSIPs are ambitious and address the key issues affecting local bus services. It will be important that these close working relationships are built upon and supplemented by the Enhanced Partnerships now being put in place in most local authority areas. It will be important for the future success of the BSIPs that these Enhanced Partnerships remain genuine open and collaborative partnerships, rather than becoming bureaucratic without the political support and buy-in of local authorities.
18. **Local authority capability building:** The development of the BSIPs has been a significant undertaking for local authorities, particularly where the transport teams in local authorities have had to compete for resource with other priorities within local government. The funding provided by the Department for Transport to local authorities for the BSIP process has been very welcome and has enabled local authorities to bring in additional expert support, typically from transport consultancies. A number of the transport consultancies have been involved in the development of multiple BSIPs and this has helped to bring a common approach and to share best practice between authorities. The success of the BSIPs will however depend on strong local ownership by the local authorities, among both senior officers and elected members.
19. We are concerned that the implementation of the BSIPs will be as resource intensive, if not more so, than the development of BSIP, particularly where

major highways schemes are being implemented. We recommend that the Government prioritises supporting the building of the permanent capacity of local authorities, rather than an over-dependence on procured consultancy support. The establishment of the Bus Centre of Excellence should support capacity building between local authorities but there needs to be funding longevity to ensure that in-house capability is enhanced and retained.

20. **Cross-border services:** Bus services rarely operate within one local transport authority boundary and an inconsistent approach between neighbouring local authorities through which a bus service runs can give rise to significant challenges. From the BSIPs we were involved in, there was evidence of significant consultation and engagement between neighbouring authorities, but it is disappointing that there were few joint BSIPs, particularly where there are significant amounts of cross-border bus journeys. A number of the BSIPs proposed the introduction or enhancement of existing multi-operator ticketing schemes and retail platforms (such as local journey planners and apps). It is critical that these customer-facing services reflect typical transport patterns and likely journeys, rather than being limited only to local authority boundaries.
21. **Bus priority schemes:** The National Bus Strategy places a welcome emphasis on funding for bus priority schemes. As road traffic has increased in recent years, particularly during the COVID recovery, bus priority schemes will be increasingly important in ensuring the reliability and punctuality of bus services. In the past, many bus priority schemes not been delivered due to funding constraints or a lack of political support. The funding for the National Bus Strategy offers a key opportunity to get key bus priority schemes delivered and we recommend that the Government puts in place robust monitoring and reporting on the delivery of funded schemes.
22. **Funding criteria:** At the same time, bus priority measures will not be relevant for every local authority and it is important that the allocation of the National Bus Strategy funding is not overly weighted to bus priority schemes, relevant for cities and major towns in particular, over network enhancements and other schemes that communities in rural and smaller towns need. The criteria for National Bus Strategy funding have not been communicated and it has been difficult therefore for local authorities to develop BSIPs that have a realistic chance of attracting significant funding.

23.Meeting community expectations: There is a significant risk that local communities, having had their expectations raised through the ambitious BSIPs developed by local authorities, will lose confidence in bus services should the funding needed not be available. Others have commented on the availability of funding to match the ambition set out by local authorities in their BSIPs. It will be important that every local authority that has engaged meaningfully in the BSIP process sees some benefit for their communities and we recommend that the Government commits funding for the national roll-out of multi-operator fare-capping so that every fare-paying adult would see the benefit from best-value fares.

Decarbonisation and modal shift

24.The National Bus Strategy reiterated the Government’s ambition to introduce 4,000 zero emission buses and the Spending Review in October confirmed £355m of new funding for zero emission buses. Whether or not the funding available is sufficient to deliver the ambition of 4,000 zero emission buses, the additional funding is welcome as we anticipate that there will remain a cost differential for zero emission buses over their diesel equivalents for the foreseeable future. Whilst the lifetime fuel and servicing costs of a zero emission buses may be less, our experience to date is that the additional capital costs of vehicle purchase and mid-life battery replacement outweigh these operational cost savings. We anticipate that any future cost savings because of falling battery prices will be reinvested in the first instance in increased vehicle range, with a continuing price differential in the cost of a zero emission bus.

25.Continuing Government support will therefore be critical. To support [our zero emission bus report](#) published earlier this week, we commissioned independent polling of over 2,000 bus users and non-users on attitudes to zero emission buses. Based on this survey, 66% of the public thought that the move to zero emission buses was a good thing, whilst only 11% thought it was bad. When presented with the costs of a zero emissions bus compared to a diesel vehicle, 61% of the public thought that the environmental benefits outweighed a higher lifetime cost.

26.The survey found that between 1.03-1.7m current non-users would use the bus and between 9.05m and 10.7m current bus users would use the bus more with the introduction of zero emission buses. However, 34% of respondents (equates to 12.4 – 14.3m passengers) would use the bus less if

fares increased by 10% to fund the cost of the transition to zero emission buses, rising to 59% with a 30% fare increase. This presents the risk of a perverse outcome where the move to zero emission buses actually increases transport carbon emissions if higher fares drives modal shift away from public transport to private car use. If those 12m bus users made 5% fewer bus journeys as a result, this would lead to 81m (2%) fewer bus journeys giving a reduction of 462m passenger kilometres. If all these journeys were done by car instead, this could lead to an increase in carbon emissions of 40 thousand tonnes CO₂e per year.

27. The funding support from the Government through the Zero-Emission Bus Regional Areas (ZEBRA) scheme is therefore very welcome. However, there is a lack of long-term visibility over future funding for zero emission buses. Operators like Stagecoach need the confidence that future funding will be available to support the government's immediate ambitions, including the commitment to introduce 4,000 ZEBs in England. A lack of regular and predictable funding also has implications for the supply chain. This results in inconsistent order cycles making it harder for suppliers to deliver as required and to create sustainable green jobs. We recommend that the Government commits to ZEBRA funding for at least the 4,000 buses set out in the National Bus Strategy.

28. Unlike the ScotZEB scheme in Scotland that can support anticipatory investment in infrastructure, bus operators and local authorities in England are not currently able to seek funding for future depot infrastructure beyond the number of buses within a ZEBRA bid. This risks a piecemeal and inefficient approach to deploying zero emission buses as depots won't be developed in the most efficient way, but in a segment at a time. We recommend that funding should be able to be used to future-proof the rollout of ZEBs in a particular locality, with operators permitted to fund and install infrastructure beyond that required for the number of ZEBs covered by a ZEBRA bid. Delivering projects like this at once is likely to be more efficient and cost-effective than an incremental approach.

Conclusion

29. The National Bus Strategy set out an ambitious agenda to rebuild bus patronage by improving the customer experience through more bus priority schemes, enhanced ticketing and fare offerings, strengthened governance and transitioning to zero emission buses. Progress is being made on most of

these elements as the bus sector recovers from the COVID-19 pandemic. However, further measures will be required to drive modal shift away from private car use to public transport if the National Bus Strategy is to fulfil its potential.

Recommendations

We recommend that:

1. The Government and local authorities implement further policy measures, such as congestion charging, road pricing, workplace parking levies or other forms of parking control, to provide a 'push' away from private car use where bus services may be the most appropriate mode of transport;
2. The Government considers how reform of the motoring taxation framework, required to reflect the decline of fuel duty receipts with increasing electric vehicle deployment, could support modal shift away from private car use to greater use of public transport;
3. The Government uses the expertise that it has available on behavioural insight to create incentives for people to use public transport;
4. The Government works with the industry to restore public confidence in the public health safety of public transport, through visible championing by senior Government Ministers and a joint Government-industry marketing campaign;
5. The Government prioritises supporting the building of the permanent capacity of local authorities;
6. The Government puts in place robust monitoring and reporting on the delivery of funded bus priority schemes;
7. The Government commits funding for the national roll-out of multi-operator fare-capping;
8. The Government commits to ZEBRA funding for at least the 4,000 buses set out in the National Bus Strategy, and;
9. The Government allows ZEBRA funding to be used for anticipatory investment in charging infrastructure at depots beyond that required for the number of ZEBs covered by a ZEBRA bid.