

## **Written evidence submitted by the Go-Ahead Group (BUS0055)**

### **Background**

Go-Ahead is a leading UK public transport operator, providing high quality services. We run bus companies from Newquay to Newcastle, and provide a quarter of Transport for London services. We operate 5,200 buses in the UK and are the largest operator of electric buses.

We led the call for the creation of a National Bus Strategy to revitalise a mode of transport which provides two-thirds of all public transport journeys in the UK. Delivery of the Bus Back Better, and of revitalising rail through effective delivery of the Williams-Shapps Plan, should play a key role in a green recovery from the pandemic.

Internationally, we provide bus services in Singapore, Sweden and Ireland, and rail services in Germany and Norway. We employ around 27,000 people globally.

### **Summary**

- We must recognise the speed and agility with which Government acted following the first lockdown and the unprecedented taxpayer support for bus, and rail, services.
- To achieve our net zero goals, the Committee on Climate Change's scenarios rely on moving 2-4% of car-kilometres (9-12% of car trips) to public transport by 2030, increasing to 5-8% by 2050.<sup>1</sup> Active travel and public transport need to become a natural first choice for many.
- However, public sentiment and travel patterns have been more cautious and regional bus volumes are around 80% of pre-pandemic levels. Government has published a suite of interdependent policies but they will not, despite the urgency, "shift back quickly" enough [away from a car-led recovery] to close the funding gaps emerging in Autumn.
- So, we anticipate a gap between pre-covid service levels and demand, or external funding, in Autumn. Longer term, there are too many variables to predict with high confidence where demand will settle. Where there are unfunded shortfalls, some targeted redesign of networks is anticipated.
- BSIP funding of £1.15bn is a significant investment but can only be transformational – to local mobility, levelling up and the environment – if targeted. As such, there's a mismatch between expectation and reality in many places. We hope that the initial tranche of funding will be followed by further rounds of investment by the Department for Transport (DfT) to

address needs identified in Bus Service Improvement Plans (BSIP) applications from local authorities.

- BSIP funding for Project Coral – a national system that identifies a passenger’s journey and apportion the revenue – would ensure the whole country benefits from it even if much is targeted (see section 3).
- BSOG funding for zero emission vehicles is very welcome but the consultation – and a decision – on the future funding framework is essential to give operators confidence in their investments. Government should commit to at least extending and index-linked 22p p/km rate to 2023/24.
- We need an acceleration of BSIP and national measures to support modal shift.
- A strategic approach to power upgrades and infrastructure would help expedite, and in some cases bring forward the viability of, the roll out of electric buses.
- This response was drafted prior to the announcement on 4 April 2022.

## **1. The challenges facing the sector as it recovers from the pandemic and the effectiveness of steps taken by both Government and stakeholders in response**

- 1.1 Our comments in this response largely relate to services that will be operating under enhanced partnerships, rather than franchising.
- 1.2 We must firstly recognise the speed and agility with which Government acted and the unprecedented taxpayer support for bus, and rail, services following the first lockdown and the 90% fall in bus passenger numbers. Regulatory changes, such as to short notice registration, have also been highly effective. The support reflected public transport’s essential role.
- 1.3 Moreover, the pandemic has continued far longer than expected with plans for recovery and action – DfT Bus Back Better initiatives – blunted by the emergence of Delta and Omicron variants.
- 1.4 As vaccines became available, the Covid-19 Bus Services Support Grant (CBSSG) was replaced with shorter term Bus Recovery Grants (BRG) between Summer 2021 and 20 September 2022.<sup>2</sup>
- 1.5 To achieve our net zero goals, the Committee on Climate Change relies on moving 2-4% of car-kilometres (or 9-12% of car trips) to public transport by 2030, and 5-8% by 2050.<sup>3</sup> New DfT commissioned research

implies that lifecycle energy use or global warming potential is substantially reduced by taking the bus. London-levels of bus occupancy (19/20) make a diesel bus roughly equivalent in global warming potential to a battery electric car, on a per passenger basis.<sup>4</sup>

- 1.6 Active travel and public transport need to become a natural first choice for many. Public transport benefits from trends such as decarbonisation, urbanisation, digitalisation and demographic change.
- 1.7 Since Covid, public sentiment and travel patterns have been more cautious and bus volumes outside London are around 80% of pre-pandemic levels. This is due to a mix of temporary reasons – restrictions on travel or fear of mixing – and structural changes such as wider adoption of working from home.
  - 1.7.1 Covid has shaped attitudes and behaviours. Elevated caution, Government guidance and public health messaging directed at public transport cast a shadow. But there is a big difference in perception of safety between people who have travelled since pandemic and those that haven't.<sup>5</sup>
  - 1.7.2 Changes in travel patterns are not evenly distributed, geographically or demographically. For instance, services reliant upon office commuters working in city centres or longer distance travellers have been particularly badly hit.
  - 1.7.3 Similarly, we are seeing fewer passengers who qualify for fares under England National Concessionary Travel Scheme (ENCTS). We need to further encourage return of these passengers to promote social inclusion, independent-living and reduce reliance on cars. Some Transport Concession Authorities will recalculate its concessionary grant based on recent levels of use by these groups.
- 1.8 Confederation of Passenger Transport (CPT) estimates that, by the second half of 2023, commercial demand could be 93% of pre-covid levels but there will be a 20% revenue gap in real terms.
- 1.9 The primary post-pandemic challenge is to secure adequate passenger numbers (and revenue) to deliver the vision set out in Bus Back Better (see section 2).
  - 1.9.1 Go North East and other firms have used a wide range of promotions to support people going to interviews and starting a new role, evening and weekend promotions that encourage town centre activity. Oxford Bus Company worked with Oxford University (and constituent colleges) and

are providing a £1 – instead of £3 – return park and ride for their staff this month to help people back to bus.

- 1.9.2 Brighton and Hove Buses' new weekly capped tap on tap off services provide convenience and value to people travelling two or three days per week.
- 1.9.3 Encouraging greater adoption of active travel and public transport will take sustained support from government, through policy, funding and messaging. Local bus campaigns should be supported by a national campaign that helps redress perceptions. Ministers and front-line politicians locally and nationally can support this by highlighting their use of buses (and trains).

## **2. Progress against the ambitions and targets set out in the national bus strategy including the effectiveness, pace and priority of the strategy's implementation**

- 2.1. Bus Back Better sets out clearly the context of the bus industry and the crucial services buses provide society, sustainably. It describes the decline in bus use, prior to Covid: trips per person per year by bus declined 25% in the nine years to 2019<sup>6</sup>.
- 2.2. Since March 2021, local authorities and government have made good progress towards the decisions and plans that needed to be in place. However, the timescales were ambitious with enhanced partnerships were due to begin in this month (April 2022), fully funded.
- 2.3. Of the £3bn of transformational funding, £1.15bn is allocated towards fares, services and infrastructure by 2025. This is just over half the cost of the fuel duty cut in 2022/23. It's a significant intervention but can only be *transformational* – to local mobility, levelling up and the environment – if targeted.
- 2.4. Local authorities were told to “be ambitious.” There is a risk that the promise of national bus strategy and the enhanced partnerships will fall short for many local authorities who – even though their bids were funded – have invested time, resource and hopes of improving services to their local community. The total funding requests from all authorities exceeded £7bn.<sup>7</sup> CPT estimates that £10bn would be needed to deliver all BSIP measures across the country.
- 2.5. In the period since the national bus strategy, government has produced the Williams Shapps Review, the Transport Decarbonisation Plan,

Levelling Up White Paper and Comprehensive Spending Review. Improved bus services are at the nexus of urgent priorities such as levelling up, delivering net zero, improving mobility and now the resilience of lower fuel use.

- 2.6. But these interdependent policies need delivery and won't meet the shortfall expected in Autumn.
  - 2.6.1. The DfT explains: "to get bus use back to what it was before the pandemic... We can only do these things by ensuring that buses are an attractive alternative to the car for far more people." Funding of Bus Service Improvement Plans (BSIPs), like bus priority measures, was only expected from this month onwards. Following the example of projects completed under the Transforming Cities fund and Emergency Active Travel Fund, we cannot assume that BSIP funding will wholly or quickly result in delivery of measures to prioritise bus journeys. Certainly, successful schemes require significant engagement from resource-strapped authorities.<sup>8</sup>
  - 2.6.2. Following the announcement of 25 March, CPT estimates about 60 per cent of the ZEBRA funding has been allocated, three per cent of the buses ordered and none are yet on the road. At a local level, anecdotally, some local authorities are delaying decisions on bus priority until after local elections.
  - 2.6.3. Mark Kemp of ADEPT says continued central Government leadership is needed because "many of the factors outlined in the transport decarbonisation plan will need significant behavioural change to become the norm - and I don't think that public acceptance is there yet."<sup>9</sup> He later highlights the skills shortages local authorities face to deliver the plan on the ground.
- 2.7. In section 3, we describe examples of working closely with local authorities, passengers, retail and ticketing that lays the ground for bus service improvement plans.
- 2.8. We have used our experience to support local authorities' passenger charters. For instance, Transport for Cornwall are using our experience on what local customers most ask for and respond to in our passenger promises.
- 2.9. We need to make active travel and public transport the natural first choice. This is partly about overcoming the hesitancy caused by COVID but also addressing the strategy's longer-term goals:

- 2.9.1. *Tackling congestion* by rapid implementation of BSIP measures – A 10% increase in journey time leads to 10% reduction in patronage.<sup>10</sup> Congestion also makes services more expensive to operate. At the start of 2020, five Go North East routes each cost £100,000 more per year to operate than five years previously. The Oxford X90 coach service to London was removed when additional congestion pushed the return journey time beyond that which drivers can do without a break.
- 2.9.2. *Encouraging active travel and public transport* – The solutions for managing demand of private vehicles will vary by location alongside national measures. As well as the environmental or health benefits, car-dependent communities exacerbate inequality.<sup>11</sup>
- 2.9.2.1. Parking levies, clean air zones, congestion charge zones and zero emission should be applied according to local need, and buses can make them work.
- 2.9.2.2. The Transport Committee's report in February, prior to the fuel duty cut, underlined the need to address road pricing.
- 2.9.2.3. Planning policy has a significant influence such as ensuring that new housing developments are located by, or provide, adequate walking access, cycle parking and public transport, as ADEPT has argued<sup>12</sup>. Some authorities have interpreted cycle infrastructure design guidance (LTN01/20) as placing bus at the bottom of the travel hierarchy. Recognising local authorities' reduced capacity, Go South Coast employ a town planner to help local authorities integrate sustainable development within the Enhanced Partnerships.
- 2.9.3. *Promoting services* – Messaging during lockdowns implicitly, and sometimes explicitly, heightened fears of public transport. Transport Focus surveys show that passengers are more comfortable with the covid security of buses than those that haven't used the service.<sup>13</sup>
- 2.10. Wider factors have also played a part in slowing progress. Some delay and diversion of financial and staff resourcing has been caused by the emergence of the Delta and Omicron variants and national and local level. Staff turnover is higher than pre-pandemic across many roles. Incentives to recruit more HGV drivers have secured some of our former drivers. Lengthy delays, upto six weeks, to issuing provisional driving licences have meant candidates finding other jobs in the interim. The DfT has taken the delays seriously and worked closely with industry and the DVLA to address them.

### **3. Innovation in the sector, including examples of new methods that have been trialled successfully**

- 3.1. We have broken innovations into two broad sections – commercial and technological.
- 3.2. Bus Back Better highlights Brighton and Hove Buses partnership with Brighton and Hove Council. It provided the platform for innovations that have delivered the highest bus use per head in England outside of London.
- 3.3. Go South West's partnership with Cornwall Council has developed services under the Transport for Cornwall banner. This includes partnership with communities to develop and promote services. We plan the network together – like bus stop infrastructure, network map, frequency and timings, coordinate procurement of school buses (for wider benefit).
- 3.4. We have worked closely with Transport for Cornwall to deliver the low fares pilot (part of DfT's Fairer Fares Fund) that starts this month.<sup>14</sup> It is a shining example of the collaboration that's possible between local authorities and operators, as all have worked to ensure that funding originally awarded prior to the pandemic has been held until it can have the greatest impact. Operators have delivered the technological changes necessary to support the pilot and evaluate it. This has been supported by Cornwall Council's expertise in stewarding the scheme and assisting operators to launch the pilot by Easter holiday.
- 3.5. Go-Ahead East Yorkshire Buses is collaborating with North Lincolnshire Council to operate JustGo, an on-demand service, to serve rural communities. It builds journeys around customer booking journeys on an app or by phone. The fleet of minibuses are equipped with WiFi and charging points. We are meeting passenger demand for comfort, connectivity and a reliable service that takes them to and from convenient meeting points. We are working with the council to integrate the service into regular services to improve efficiency and increase the number of people who can access the service.
- 3.6. Customers continue to value quick, inexpensive, reliable and safe journeys, but our own focus group of non-users revealed two other areas. They were attracted by advertising that focused on the environmental benefit, e.g. one bus can take 75 cars off the road. Non-

passengers, especially those under 40 years old, wanted real time apps so they would know exactly when buses will arrive. Passenger feedback has also pointed to the importance of waiting facilities.

- 3.6.1. *Mobility hubs* – Go-Ahead commissioned a report from Arup to highlight the potential of mobility hubs to make it easier for people to leave their cars at home in favour of active travel, public transport and micro mobility. The modular design proposal meant they could serve communities' preferences – like secure cycle parking, electric charge points, bus stops and railway stations. Hubs could include solar-powered heating, lighting, digital services such as WiFi and real-time journey information, bike storage and electric charging points. Larger hubs could be enhanced with gardens, co-working spaces, playgrounds and catering, which could fund maintenance.
- 3.6.2. Working with data specialist Passenger, Go-Ahead has rolled out new apps to customers with real time bus information and improved ticketing and information functionality. They also now provide information on carbon emissions saved by choosing the bus.
- 3.6.3. As part of the Operator Digital Initiative, we have provided live passenger occupancy data to passengers. Go-Ahead has shared this through our app, mentioned above, and to the Bus Open Data Service for third parties to use. As well as helping passengers, it has helped our teams to anticipate and meet demand.
- 3.7. There is also a suite of other technological improvements, like Tap On Tap Off, that is being rolled out across our non-London services. 63% of Brighton & Hove and Metrobus passengers use it. Brighton & Hove and Crawley now has flexible capping to better cater for part-time commuters.
- 3.8. The bus industry has a cost-effective plan to deliver multi-operator capped (daily or weekly) ticketing nationally, known as Project Coral. Delivery of this would allow a passenger to take bus anywhere in the UK using contactless technology and they will only pay a capped amount, with the right revenue going back to the right operator or transport body. Pilot schemes are due to be rolled out in Bournemouth and Leicester this year, and these will test solutions for wider deployment. BSIP funding directed to Project Coral would ensure the whole country benefits from it. The bid would fund the back office and on board technology to identify a passenger's journey and apportion the revenue.



- 3.9. Technological innovations also improve operations. Using telemetry and real time data help prevent bus and rail vehicle failures early, reducing the cost, environmental impact and passenger disruption. Front line staff contribute too – such as through our Go-Check Inspection App to make it simpler for drivers to report potential faults.

#### **4. Bus funding over the short and long term**

- 4.1. Bus, and for that matter rail, works most efficiently as mass transport. Profits from a service stimulate investment in greater frequency, new buses, lower prices and other improvements to customer experience. It also strengthens the case for new routes. As this reduces local car use, bus journey times reduce and new passengers are attracted, perhaps for the first time – a virtuous circle. Therefore we were pleased the bus strategy linked new technology with concrete measures to encourage bus use.
- 4.2. The modal shift or transformational funding (in some places) from Bus Back Better will not be apparent by the Autumn when the Bus Recovery Grant is removed and concessionary funding reduced.
- 4.2.1. *Demand* – Confederation of Passenger Transport (CPT) has estimated a potential £350m funding gap in FY 2022/23, with a 20% reduction in commuting and 15% reduction in journeys for shopping. Meanwhile, industry costs have increased by 12% since 2018/19, largely due to fuel and wages (at Jan 2022).
- 4.2.2. *Reduction in COVID Support* – Bus recovery grant will end on 20 September and ENCTS funding will reduce. Concessionary fares represent about 20% of revenue and 30% of demand on average. Some of the assumptions behind concessionary funding – that upto 60% of people are only travelling only because it is free – will be tested. CPT's submission also highlights that DfT has given local transport authorities discretion to maintain ENCTS funding.
- 4.2.3. *Reforms have not yet shifted behaviour*
- 4.2.3.1. At the time of writing, we expected BSIP funding to be disbursed faster and at greater scale to meet the ambition of national transformation.
- 4.2.3.2. We welcome the firmer expectation on local authorities to address under provision and support socially necessary services.<sup>15</sup>

This is short of a requirement on local authorities to deliver a minimum threshold, tackle transport deserts or isolation.

4.2.3.3. Local authority finances remain tight, so it's no surprise that ADEPT raises the issue of revenue funding to support transport decarbonisation.

4.2.3.4. Funding for zero emission vehicles is highlighted in section 5. However, few buses have been ordered so it is not generating the scale that domestic manufacturers need.

4.3. Longer term, there are too many variables to predict with high confidence where demand will settle. Where there are unfunded shortfalls, some targeted redesign of networks is anticipated.

4.4. We welcomed the announcement in the transport decarbonisation plan that zero emission buses will qualify for a Bus Service Operators Grant (BSOG) green incentive, set at 22p per km. The funding design overcomes some of the risks presented by one off and competitive processes.

4.4.1. However, government has not yet published its consultation on a new funding regime, so the position beyond April 2023 is unclear.

4.4.2. We would welcome DfT confirming in writing the level of this year's Green BSOG, and, at this stage, we need confirmation that this green incentive will continue at least at this rate in real terms for FY 2023/4. It should be based on actual, not scheduled mileage as the bus recovery grant is.

4.4.3. However, our internal analysis suggests that the rate needs to be nearer 30p p/km.

## **5. Decarbonisation of the sector and modal shift from other forms of transport.**

5.1. Go-Ahead aims to have zero carbon bus and rail fleets in the UK by 2035, as part of its Climate Change Strategy to become a net zero company by 2045. Go-Ahead is already an industry leader on zero emission buses (over 260 in UK). We continue to innovate with zero emission buses. We have placed our first order for hydrogen buses (20 for Crawley/Gatwick area) and Surrey Council recently announced its purchase of 34 hydrogen buses as part of an innovative partnership with Metrobus to be run in Horley, Redhill, Reigate and Epsom next year. We will begin

opportunity charging on double decker buses in Bexleyheath using a pantograph.

- 5.2. Decarbonisation is a priority within the delivery of public transport in the coming years. There is no route to decarbonisation without significant shift to public transport and active travel, or taxpayer support. Without zero emission public transport:
  - 5.2.1. Access to (zero emission) transport will become less and less available for people who cannot afford an electric vehicle, or who are unable to operate or access one.
  - 5.2.2. Congestion will increase, with its associated health and time costs.
  - 5.2.3. We will impose greater environmental and financial costs in producing, operating and decommissioning the 'excess' cars than a more balanced approach.
- 5.3. The electric vehicle infrastructure strategy published at the end of March is primarily focused on private vehicles. A strategic approach is also required to prioritise the provision of electrical supply to commercial depots. The responsiveness of Distribution Network Operators in cooperating with our bus companies varies. Similarly the speed of planning consents varies and have – at some local authorities – substantially delayed the roll out of electrical buses, by as much as 18 months. Therefore, we recommend that the planned new obligation on local authorities – to develop charging infrastructure strategy – should have regard to the requirements of bus depots as a priority. There is also an opportunity to share energy infrastructure such as electrical charging to other commercial operators, perhaps on an adjacent site.
- 5.4. The Government has a target to deliver 4,000 new zero emission buses by 2024. To accelerate the national transition to zero emission we would like to see
  - 5.4.1. Reform of BSOG to incentivise zero emission mileage (see the previous section)
  - 5.4.2. We believe there should be greater emphasis on funding streams that, if they meet the right criteria, can be drawn down, instead of competition-based grant funding that does not provide the stable environment or long-term planning that local authorities, operators or manufacturers need,<sup>16</sup> as indicated in Levelling Up the UK<sup>17</sup>.
  - 5.4.3. Acceleration of delivery of BSIPs and national measures (see section two) to support modal shift.

#### 5.4.4. A strategic approach to power upgrades and infrastructure.

April 2022

### Endnotes

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<sup>1</sup> [Sector-summary-Surface-transport.pdf \(theccc.org.uk\)](#)

<sup>2</sup> Arrangements made at the last minute do come with a cost. We know of at least one local authority that made decisions on bus funding, based on DfT advice that later was updated, and have been unwilling to re-visit them.

<sup>3</sup> [Sector-summary-Surface-transport.pdf \(theccc.org.uk\)](#)

<sup>4</sup> [Lifecycle Analysis of UK Road Vehicles \(publishing.service.gov.uk\)](#) combined with estimates of [bus](#) and [car](#) occupancy

<sup>5</sup> Transport Focus data shows that while only 58% and 66% of non-users would, respectively, feel safe from Covid on a bus or train, 87% of bus users and rail users feel safe from Covid. Passenger confidence barometer, 18 February: [Home - Transport Focus](#)

<sup>6</sup> National Travel Survey, NTS0303: [National Travel Survey: 2020 - GOV.UK \(www.gov.uk\)](#)

<sup>7</sup> [The BSIPs are in, what next? | Campaign For Better Transport](#)

<sup>8</sup> [Stakeholder engagement in an emergency: Lessons from low-traffic neighbourhoods | Local Government Association](#)

<sup>9</sup> [Climate Change blog: ADEPT's Transport Decarbonisation Policy Challenge Paper | ADEPT \(adeptnet.org.uk\)](#)

<sup>10</sup> The Impact of Congestion on Bus Passengers, 2016 [ttbusreport\\_digital-single-30aug.pdf \(transporttimes.co.uk\)](#)

<sup>11</sup> As well as the environmental or health benefits, car-dependent communities exacerbate inequality. The strategy highlighted that, “77% of jobseekers outside of London do not have a regular access to a car, van or motorbike for personal use for work or interview.” Fewer than half of the 20% of households with the lowest income have a car or van ([Percentage of households with cars by income group, tenure and household composition: Table A47 - Office for National Statistics \(ons.gov.uk\)](#).) Electric car use is still dominated by the wealthy – of the sixteen highest selling electric cars, most are too expensive to qualify for the plug in car grant. [Vehicle Licensing Statistics: July to September 2021 \(publishing.service.gov.uk\)](#)

<sup>12</sup> “Reforms to planning policy need to be framed in a way that move us away from car-dependent housing and support active travel and public transport, while also ensuring that permitted developments make their contribution.” [Climate Change blog: ADEPT's Transport Decarbonisation Policy Challenge Paper | ADEPT \(adeptnet.org.uk\)](#)

<sup>13</sup> [Travel-during-Covid-19-survey—11-March-2022.pdf \(d3cez36w5wymxj.cloudfront.net\)](#)

<sup>14</sup> [Council welcomes reduced bus fare initiatives in boost to low carbon travel - Cornwall Council](#)

<sup>15</sup> [Bus service improvement plans: guidance to local authorities and bus operators \(publishing.service.gov.uk\)](#)

<sup>16</sup> We agree that there is a role for competition-based funding to support strategic thinking, [Total Transport: feasibility report and pilot review \(publishing.service.gov.uk\)](#),

<sup>17</sup> “...the UK Government will facilitate delivery by exploring opportunities to further simplify funding streams and reduce the requirements to access competitive funding.” Pg 179, [Levelling Up the United Kingdom \(publishing.service.gov.uk\)](#).