

## Written evidence submitted by the Department for Transport (BUS0061)

### Introduction and summary

1. Buses are one of the easiest, cheapest and quickest ways to improve transport. Better bus services can be delivered in months. Relatively small sums of money can deliver significant benefits.
2. But under previous governments, buses have been neglected. Other modes, from rail to strategic roads to cycling and walking, had a government strategy and long-term plan backed by multi-year funding settlements. Buses have not - until now.
3. In February 2020, the Prime Minister set out £5bn of new funding for bus and cycle links over the course of this Parliament.<sup>1</sup> £3bn of this was to be for buses and £2bn for cycling and walking. The bus element of the funding was described as being to pay for service improvements, new bus priority schemes, more affordable and simpler fares and at least 4,000 new zero-emission buses.
4. Six weeks later and the pandemic struck - causing drops of initially up to 90 per cent in bus use and rendering almost all services unviable without government support. Therefore our focus, then and for some time after, became quite different from that set out only the month before. First, to ensure the very survival of the bus network; and second, to rebuild patronage and maintain a service base from which to begin the improvements we promised.
5. Both of these things we have managed. Over the course of the pandemic, £1.86bn has been spent across England outside London in emergency support and recovery funding for bus services. With this money, we have striven to maintain service levels to as close to pre-pandemic levels as possible. During the period of restrictions, we provided millions of essential workers with the transport they needed to keep the country running. As restrictions eased, our funding has avoided demand being choked off by sharply reduced services and supported the return to town and city centres. Patronage continues to grow steadily, though with significant variations between places.
6. Through all this, despite the threat to the bus sector, we never lost sight of the improvements we had promised. In March 2021, we published *Bus Back*

*Better*, the first ever national bus strategy, describing how we would use the £3bn of new funding. It stated that our goal was firstly to get bus use back to where it was before the pandemic; and then to increase patronage and raise buses' mode share, by making them more frequent, faster and more reliable, easier to understand and use, cheaper, and better integrated with other modes and with each other.

7. As important as the new funding was, the strategy's change to the whole industry's operating basis is also critical: moving from a model with sometimes confusing and duplicative services and ticketing, to a more integrated one, with Local Transport Authorities (LTAs) taking a bigger role under statutory Enhanced Partnership or Franchising Schemes. Our aim is that all funding streams, both new and existing, are better directed than in the previous fragmented, uncoordinated landscape; and that better value and better outcomes are achieved for the money spent.
8. The last significant legal restrictions ended in England on 24 February 2022, almost two years after restrictions were first imposed and almost a year after the publication of *Bus Back Better*. Covid has affected the usage and finances of public transport more than perhaps any other part of the economy, and we still cannot fully know how it may permanently change patterns of work, shopping and leisure.
9. Patronage is not yet back to pre-Covid levels. Recovery support continues to be paid: a further £150m was announced in March to take us to October.
10. But none of that has stopped us making significant progress on implementing the transformational vision for buses which we promised. Excluding emergency support, we have allocated a total of £2.58bn so far of new money to transform and improve bus services.
11. Four main elements make up this amount (figures have been rounded):
  - £1.153bn so far for service improvements, bus priority and fares cuts in 34 local transport authorities across England (there were 31 successful applications, but some involved more than one local authority area).
  - £525m for new zero-emission buses to, in the Prime Minister's words, "build and rebuild those vital connexions to every part of the UK." The recipients of £320m of this sum have been announced so far. The remaining £205m will be distributed by 2024.

- An estimated £788m for capital enhancements (such as bus priority and bus rapid transit schemes) to improve bus services in seven mayoral city regions. Five of these city regions have also been given money from the £1.153bn pot above. Four of them have also been given money for zero-emission buses from the £525m pot above.
- £100m to pilot improvements announced in a Better Deal for Bus Users (including for a low-fares pilot in Cornwall which began in April 2022 and demand-responsive transport in rural areas), plus capability funding for local authorities.

12. As well as the £2.58bn for transformation and improvement to services, an additional £1.86bn has been spent in emergency and recovery support to keep bus services running during the two years of the pandemic.

13. Despite the delays and difficulties caused by the pandemic, our new spending has already begun to produce results.

- In total so far, local transport authorities covering about two thirds of England's population outside London have been allocated funding from the new funding streams described above, whether from the bus service improvement, mayoral city region, or zero-emission bus funding streams, or from more than one of them. Some city regions will benefit from all three new funding streams.
- We have required all LTAs across England to commit to franchising or Enhanced Partnerships, moving away from a fully deregulated model. All have done so. An EP is a statutory arrangement under the 2017 Bus Services Act to promote greater integration of services, with local transport authorities able to specify integrated timetables and ticketing.
- Every LTA has produced a Bus Service Improvement Plan outlining how it wants to improve services.
- We have funded around 1,700 new zero-emission buses so far in England outside London. Hundreds more have been funded in London and the rest of the UK. This puts us on course for our 4,000 target and is safeguarding thousands of jobs in the UK bus manufacturing industry.
- We have named Coventry as the UK's first all-electric bus city, with 130 electric buses for the city fleet now on order (electric buses for the regional services beyond the city will follow.)

- We have started the first demand-responsive travel schemes in rural areas.
- On April 10, we launched the first of our bus transformation and improvement schemes, in Cornwall, with fares cuts of up to 50 per cent, contactless ticketing from June and fully integrated services.

14. In addition to the £2.58bn transformation funding and £1.86bn emergency and recovery funding, we have also maintained the existing central government funding for bus services which we inherited: Bus Service Operators' Grant amounting to c£260m per year (£1.3bn over the lifetime of this parliament), and funding for concessionary fares and non-commercial bus services (paid through local authority Revenue Support Grant) which supports a level of local transport authority net investment outside London of around £765m per year for concessionary fares (£3.8bn over the lifetime of this parliament) and £260m for non-commercial services (£1.25bn over the parliament). We are expecting local transport authorities to retain these levels of investment.

15. All places, including those which have not so far received allocations from the new transformation funding streams, will continue to benefit from all these existing funding streams and from Covid recovery support to maintain services. We will not allow LTAs in receipt of bus funding from the new central government streams to reduce the amount of money which they previously spent on buses from their own budgets. We will consult later this year on reforming BSOG to incentivise zero-emission buses.

16. But though we are committing unprecedented sums, spending large amounts of money is not the only way to improve buses. The move to Enhanced Partnerships or franchising - required of all LTAs - will also improve services and the offer for passengers, with more integrated services and ticketing, even in LTAs which have not yet received any transformation funds. EPs are a change that costs little.

17. So far, 41 of England's 79 LTAs have been allocated money from the new bus funding streams. These areas cover two-thirds of the country's population outside London.

18. In total, including the new money, Covid emergency and recovery support, and the pre-existing funding streams which we have maintained, we will spend at least £5.8 billion directly on buses in England outside London over

the course of this Parliament (with total government support rising to over £6.9bn including services and £10.7bn including concessionary fares supported through Revenue Support and Grant), significantly more than any other recent government.

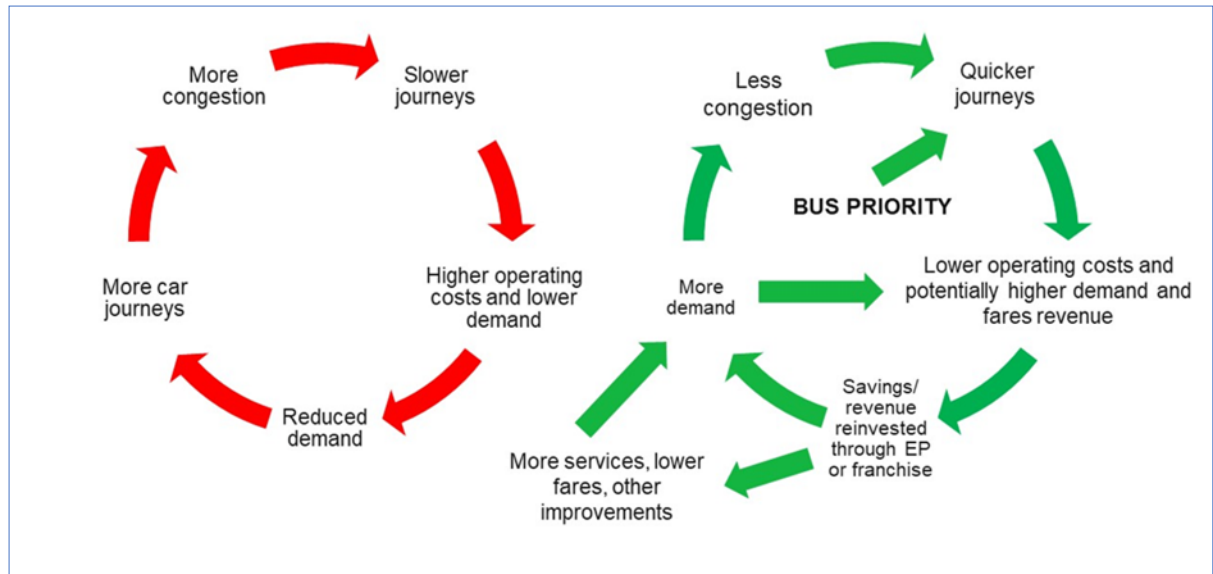
19. This written evidence responds to each of the inquiry themes set out by the Committee, in the following order:

- 1) **Progress with the National Bus Strategy:** 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) **Challenges facing the sector and the Government's response;**
- 3) **Bus funding,** over the short and long term;
- 4) **Innovation in the sector,** including examples of new methods that have been trialled successfully;
- 5) **Decarbonisation of the sector and modal shift from other forms of transport.**

20. A final section of the evidence looks forward to the next steps in delivering the NBS in 2022 and beyond.

### **Section 1: Progress of the National Bus Strategy (NBS)**

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



**Figure 1: The National Bus Strategy approach** The central concept of the NBS is that in any local area bold action can change a downward spiral of bus decline into a virtuous circle of bus service improvement, attracting more people from all walks of life to travel by bus.

21. Until the pandemic, buses in Britain outside London were largely commercial and fully deregulated: operators themselves decided where most services were run and what to charge. This sometimes led to confusing and fragmented services.
22. In some places, sizeable rival bus networks do not acknowledge each other's existence. They publish separate city maps showing only their own services. They use the same route numbers for entirely different routes. Other routes are served by both operators, leading to overcapacity. Return, day or period tickets typically only allow you on one operator's services: if the "wrong" company's bus turns up first, you have to let it pass, or pay again. Multi-operator tickets do exist in most places but are more expensive and often little promoted by companies with an interest in locking passengers into their own services.
23. As well as the disadvantages it caused to passengers, this old operating model was already under pressure from structural challenges such as ridehailing apps and the decline of physical retail, which the industry could not address on its own. In the places where growth has been achieved, there has usually been close co-operation between operators and the local council. Companies have also started co-operating, with joint services in cities such as Oxford and Liverpool.

24. During the pandemic, the bus industry's old commercial model effectively collapsed. In the recovery landscape we have now entered, and in an industry benefiting from far greater public funding, practices such as those described above are wasteful and counter-productive.
25. A few places have shown that decline in bus use is not inevitable and that it can be stabilised or reversed. The reforms in the NBS borrow from some of the techniques used in those places but go further with changes to what has become a counterproductive operating model.
26. The National Bus Strategy aims to create a virtuous circle, improving services, driving uptake and increasing passenger receipts - but also reducing operating costs, incentivising efficiency, reforming incoherent and ineffective funding streams, making services easier to understand and use, avoiding wasteful duplication and thus, we hope, sustaining higher service levels over the long term without the need for elevated levels of public subsidy. This is where it differs from London's approach, where the significant improvement seen in previous decades has stagnated and a failure to tackle costs has left subsidy stubbornly high.
27. The two main means of reducing operating costs are greatly increased bus priority, which means that fewer buses are needed to operate the same service; and new zero-emission buses where our long-term aim is for the total cost of ownership for ZEBs to be lower than for diesel buses. These are also two important ways of making the service more attractive to passengers. Bus priority makes journeys faster and more reliable, whilst operators such as National Express West Midlands report that electric buses have resulted in a roughly 4% rise in patronage compared to equivalent routes operated with diesel vehicles.
28. Frequency improvements mean less if those frequencies cannot be reliably delivered. We have also been clear with those we fund that savings and increased revenues from priority improvements must be reinvested into improving the service for passengers.
29. Bus priority (and bus use generally) requires greater cooperation between operators and councils which own the roads. That cooperation - a new relationship between bus operators and LTAs - is the third key intervention of the NBS. It is needed for a wider suite of changes to the industry's operating model that will make buses easier to understand, easier to use, and more financially sustainable.

## *Bus Service Improvement Plans*

30. Passenger growth is vital to being able to reduce fares and assist with the cost of living, when done within the framework of either franchising or Enhanced Partnership. The bold change sought in any local area can only be achieved by close working between LTAs and local bus operators. That is why the NBS expected every LTA to work with their bus operators to develop a clear, detailed, and ambitious local BSIP, to be delivered through

### **Enhanced Partnership**

An Enhanced Partnership (EP) is a statutory arrangement under the 2017 Bus Services Act which can specify, for example, coordinated timetables and multi-operator ticketing, and allows the LTA to take over the role of registering bus services from the Traffic Commissioners.

The main difference compared to franchising is that bus operators in an EP have a much greater role, working with LTAs to both develop and deliver improvements for passengers and having a real say on how bus services should be improved. EPs also offer significantly more flexibility than franchising.

either a statutory Enhanced Partnership or franchising arrangements.

31. The strategy asked that all LTAs publish BSIPs by the end of October 2021, setting out local visions for a step change in bus service quality, driven by what passengers and would-be passengers want. The Department published guidance to LTAs on the preparation of BSIPs in May 2021 and made available £25m in support funding to enable LTAs to do the necessary work.

32. Despite the challenges posed by the Covid pandemic, all 79 LTAs submitted BSIPs to the Department on time.

33. In parallel with development of their BSIP, LTAs were asked to decide whether to pursue delivery of the BSIP vision through the EP or franchising approach, and to start the statutory process to take forward either approach. All LTAs have now done this. Three LTAs have opted to pursue franchising (Greater Manchester, Liverpool City Region and Cambridgeshire & Peterborough), whilst all the others (76 LTAs) intend to pursue statutory EPs.

34. A few LTAs collaborated on joint BSIPs and so a total of 76 BSIPs were received. The LTAs which submitted joint BSIPs were Lancashire and



Blackburn with Darwen, and North Somerset and West of England Combined Authority. The North East Joint Transport Board (which is the LTA) submitted a single BSIP covering the areas of the North of Tyne and North East Combined Authorities.

35. The Department carefully assessed each BSIP against the published guidance and selected criteria: strategic fit, engagement, interventions and outcomes, and deliverability. Indicative funding allocations to 34 LTAs totalling £1.084bn were announced on 4 April 2022. The final funding awarded will be based on further assessment of the deliverability of the measures contained in their EP plans and schemes.
36. The decision was taken to prioritise funding the proposals of those LTAs scoring highest in the assessment. As a result, it was not possible to fund the full ambition of every BSIP submitted. Nor was it desirable to do so. Even in high-ambition areas which have been awarded significant funding, elements of the proposals submitted did not produce sufficient new benefits for bus users, for example proposals for new roadbuilding or capacity expansion for motorists, including on roads where no buses run, or for replacement of buildings and structures including bus stations, and shelters. We do not exclude all funding for such things but believe they are of secondary importance to funding for improvements to actual services. Some aspects of mayoral combined authorities' bids were funded through the £1.1bn pot for supporting BSIPs and some from the CRSTS funding available only to MCAs.
37. As we have said from the beginning, including in *Bus Back Better*, an LTA's ambition, above all for bus priority, is the key factor in deciding how much, if any, money it receives from the new funding streams. Giving small sums to everyone, regardless of their level of ambition would have been unfair on those demonstrating high ambition and risked not bringing about real change anywhere.
38. We have been clear that our priorities for investment also include a commitment from operators to reinvest any operating cost savings from any new bus priority provided in the future into the delivery of improvements set out in the BSIP, implementation of low or no cost improvements such as Bus Passenger Charters, and a commitment to either draw on a single source of bus service information or publish the details of all services in the area on their website and in timetables.

39. To date, 41 of England's 79 LTAs have been allocated money from one or more of the new bus funding streams, be it from the BSIP, City Region Sustainable Transport Scheme, or Zero Emission Buses funding. These areas cover two-thirds of the country's population outside London.
40. Some authorities, although not scoring highly enough to be generously funded at this stage, demonstrated a measure of ambition and commitment and have been awarded a smaller allocation to deliver some noticeable improvements to services.
41. Each unsuccessful authority will be given a further capacity support (revenue) grant in 2022/23. This should be sufficient to enable employment of a dedicated bus Enhanced Partnership Officer for the next three years and the Government will support appropriate training for the EP Officer under the auspices of the new Bus Excellence Programme. The funding will support them to deliver a statutory EP scheme which provides a passenger charter (including passenger rights to specified service standards for punctuality, vehicle cleanliness, proportion of services operated and passenger information), safeguards existing bus priority measures, delivers those elements of their BSIPs that do not require additional funding, and builds their partnership with local operators so that they are ready for potential future funding and investment opportunities.
42. Each LTA has been offered feedback on the assessment of their BSIP.

#### **City Region Sustainable Transport Settlements**

In the 2019 election manifesto, the Government committed to establishing a new "Intra City Transport Fund" totalling £4.2bn over five years to fund local transport in the seven MCA areas outside London. Each of the mayoral combined authorities is the LTA for its region.

The fund was launched at the 2021 Autumn Budget and renamed "City Region Sustainable Transport Settlements" (CRSTS).

The level of funding was increased by £1.5bn, totalling £5.7bn over five years. £780m was new money for buses, taken from the £3bn pot.

CRSTS is intended as the main source of capital funding for buses in the MCA areas. All seven MCA areas are receiving new bus funding through CRSTS - but they were also allowed to bid for further new bus funding from the BSIP and zero-emission bus pots. They were required to co-ordinate their BSIP bids with their CRSTS bids.

43. In the Mayoral Combined Authority space, for instance, these factors help explain the different settlements given to different MCAs. The ambitions for fares reform in Greater Manchester (with a £2 flat fare proposed) and the West Midlands (with a significant simplification to only 6 fares) for example, stood out from those in other MCAs with a strong overall BSIP. The West of England had developed a joint BSIP with a key neighbouring authority which included ambitious plans for bus priority and clear commitments from operators to reinvest the operating costs savings they generate in other BSIP benefits. The plans in other MCAs were less strong.

44. For example, overall, South Yorkshire produced a good BSIP; however, it could have been stronger on bus priority, such as the level of detail and commitment to new bus lanes where needed.

45. Liverpool City Region's BSIP could have been improved by placing a stronger focus on links to active travel/cycling and clarification of a request for £75m of "flexible funding" for support of bus reform.

46. Some aspects of the Mayoral Combined Authorities' BSIP bids were funded as part of the City Region Sustainable Transport Settlements process. We expect that funding to be £780m over this Parliament and up to £1.3bn in total. Five MCAs (West of England, West Midlands, Greater Manchester, West Yorkshire and Liverpool City Region) also received BSIP transformation funding and five received ZEBs money.

**Table 1: Funding to Mayoral Combined Authorities (£m)**

<b>MCA £m</b>	<b>BSIP</b>	<b>CRSTS</b>	<b>ZEB</b>	<b>Total</b>
Greater Manchester	94.8	197.4	35.7	<b>327.9</b>
Liverpool City Region	12.3	67.2		<b>79.5</b>
West Midlands	87.9	156.0	80.4	<b>324.3</b>
Tees Valley		46.2		<b>46.2</b>
South Yorkshire		118.2	8.3	<b>126.5</b>
West of England	105.5 (with North Somerset)	114.6		<b>220.1</b>
West Yorkshire	70.0	88.8	24.6	<b>183.4</b>
<b>Total</b>	<b>370.5</b>	<b>788.4</b>	<b>149.0</b>	<b>1,307.9</b>

*Note: CRSTS figures are an estimated spend during this Parliament and represent 60% of expected spend over the 5-year CRSTS period.*

47. There is some overlap between areas which benefited from BSIP, CRSTS and zero-emission bus funding. Some non-mayoral LTAs got funding from both the BSIP and zero-emission bus streams. One MCA (Sheffield) got funding from the CRSTS and zero-emission bus streams. One (Liverpool) got funding from the CRSTS and BSIP streams. Four of the seven MCAs (West of England, West Midlands, Greater Manchester and West Yorkshire) got funding from all three streams.
48. All three LTAs (see para 36) which committed to pursuing the franchising model have received funding. All three have now issued a notice of intent triggering the requirement under the Bus Services Act 2018 to produce a franchising assessment, for consideration before a final decision on whether to adopt the franchising model. Subject to that process, they will then go forward to plan and deliver their franchising arrangements.
49. MCAs have the right to pursue franchising, and we will support those which want to, but we note the time it has taken in Greater Manchester - which has been pursuing franchising since December 2017, with the first franchised services expected to operate in 2023 and franchising not complete across the area for a few years after that. There are a range of reasons for this including the challenges associated with being the first LTA to use the new powers, the impacts of the Covid pandemic and legal action by an operator. And we note that other MCAs are taking a different approach and will potentially make faster progress. Lessons from experience in Greater Manchester and other MCAs will be reflected in our updated statutory guidance on franchising, to be published shortly, which aims to simplify the process further.
50. Whilst an important option, franchising is not, in our view, the most important intervention that can be made to improve buses. The more important interventions are more bus priority, better co-ordination between operators and the LTA, properly integrated services and ticketing, fares cuts and frequency improvements. These are likely in most places to be more quickly and cheaply achievable through Enhanced Partnerships.
51. All LTAs which opted to pursue an EP will now go forward to produce an initial draft of their EP plan and scheme(s). 41 LTAs have already submitted a draft version of their EP; 20 their final versions.

52. On 4 April we announced that 34 counties, city regions and unitary authorities across England outside London were being offered indicative funding allocations to start delivery of their BSIPs. As is often the case with any funding process, the demand for funding for BSIPs exceeded the funding available and so we have asked LTAs to prioritise their interventions, based on their indicative allocations and the Department's investment priorities. LTAs will need to set out how they intend to use their funding allocation in a summary table by 2 May. The table must include information about the authority's prioritised interventions, delivery timelines and costs. The Department aims to provide individual feedback to LTAs by the end of May, and each BSIP bid will be subject to further scrutiny over the coming months, as we continue to work closely with LTAs on their bid, the delivery of their Enhanced Partnerships (EPs) and franchising delivery plans.
53. The NBS set out how we originally expected the delivery of EPs by April 2022. However, the pandemic's effect on public transport usage and finances meant that authorities were not in a reasonable position to prioritise their interventions and commitments by April. This is why we have revised our timetable. LTAs have now been asked to provide us the following by the end of June: an updated summary table (incorporating our feedback), a draft EP (or variation to an existing EP) which shows how relevant aspects of the BSIP will be implemented, a separate document which sets out how any commitments which would not be implemented through or included in detail in an EP; and confirmation from the authority's Section 151 officer that they consider that the funding represents value for money, and that they will continue to monitor this and comply with our value for money reporting and approval requirements.
54. Authorities pursuing franchising will need to provide us with an updated summary table, a draft delivery plan which shows how relevant aspects of the BSIP will be implemented as part of their franchising timetable; and confirmation from the authority's section 151 officer that they consider that the funding represents value for money and that they will continue to monitor this and comply with our value for money reporting and approval requirements. These steps will also need to be completed by the end of June.

55. The NBS and supporting guidance was clear about the types of schemes we want to see delivered through EPs and franchising delivery plans, and these priorities were reinforced during discussions with LTAs. LTAs were asked to prioritise bus priority schemes (where relevant), and impactful interventions that reduce and simplify fares within their BSIP bids. Bids received from many authorities, including but not limited to: Portsmouth, the North East, Luton, Brighton and Hove, Derbyshire and the West of England are proposing to make fares more attractive and affordable, including for young people and those in education, as well as cheaper for unemployed people. Many bids also include ambitious bus priority measures. These include physical infrastructure schemes, such as bus lanes, and technology schemes, such as traffic signal systems – or a combination of the two. We will be carefully reviewing each authority's updated interventions list, and final funding allocations will only be released once we are satisfied that our criteria, particularly around fares and bus priority, has been met.

56. The NBS recognised the need to increase the number of suitably trained staff to deliver better bus services through the EP approach in both local authorities and bus operators and £15 million has been allocated from the BSIP budget to be used to provide additional funding for those LTAs whose BSIPs were not funded to employ dedicated bus EP officers, and to fund a Bus Centre of Excellence (BCoE). This forms part of a wider bus excellence programme designed to develop a new corps of skilled professionals with the capacity and capability to deliver excellent bus services through either EPs or franchising in every part of England. The programme will share best practice and signpost people to training, resources and networking opportunities designed to build a strong network amongst this group of professionals. Initial events for LTAs have been held during the past year to support them in the development of their BSIPs and EPs, and the full programme is scheduled to launch later this year.

57. LTAs' progress with delivery of BSIPs will be monitored carefully. With indicative funding now confirmed, LTAs will be expected to publish their delivery commitments, timescales, detailed funding arrangements, and a clear plan for ongoing monitoring and evaluation of progress against those commitments. They will be expected to report at least six-monthly against their BSIP targets and potentially other specified metrics, giving Government and local electorates the opportunity to judge their

performance. The NBS requires BSIPs to be re-written annually. Long before the 31 October anniversary of their initial creation, we plan to publish guidance on how these should be re-focused given any indicative allocation or absence, which would also cover six-monthly reporting on targets.

### *Accessibility*

58. The NBS recognised the essential role played by bus services in supporting disabled people to travel with confidence, stating that bus stations, stops and services must be accessible and inclusive by design. It sought to build on the progress made to date in providing vehicles compliant with minimum accessibility standards, by requiring vehicles funded by government to incorporate additional accessibility features, by committing to require audible and visible information onboard local services across Great Britain, subject to final analysis, and by bringing forward a planned review of the Public Service Vehicles Accessibility Regulations 2000 (PSVAR) to ensure they continue to serve disabled passengers for the foreseeable future.
59. The Government has a commitment to supporting the creation of an inclusive transport system, and the steps we committed to in the NBS will help ensure that disabled passengers have the information, the means and the support to use services as easily and confidently as non-disabled people do. The NBS also highlighted the need for accessibility to be a core consideration when planning and providing local bus services, and the role of information about service accessibility in giving passengers the confidence to step onboard in the first place.
60. To improve accessibility on bus services, we committed a further £1.5 million, on top of £2 million funding already committed, to support the provision of audible and visible information onboard local bus services operated by smaller bus companies. We are working with the Real Time Information Group (RTIG) to allocate funding and hope to launch the scheme to align with the Accessible Information Regulations. The funding is a short-term grant provided to operators to purchase and install audible and visible equipment, whereby they will commit to continue using the equipment for a period of time.

61. This work will include considering digitising the statutory concessionary bus pass. We are working to understand how the proposed introduction of a digital bus pass would work with existing legislation, and with several technology providers to test the practicalities around the introduction of a digital bus pass.

### *Passenger experience*

62. The NBS made several commitments aimed at improving passenger experience for bus users. Improvements in this area will be vital to improve confidence in bus services emerging from the pandemic, supporting patronage growth, increasing buses' mode share, and so enabling fares to be reduced, in turn assisting with the cost of living.

63. The NBS required LTAs to include a passengers' charter as part of their BSIPs to give bus users the right to receive certain standards of service, including punctuality, proportion of services operated, information and redress. We are pleased to see that LTAs have developed local passenger charters and we will work with them to ensure that these charters are implemented.

64. The NBS made a further commitment to support an industry led 'Back to Bus' campaign to promote the reformed network and address misconceptions, encouraging people to use the bus. As part of ensuring that bus and patronage recovery are supported, we are considering how best to support a 'Back to Bus' campaign.

## **Section 2: Challenges facing the sector and the Government's response**

65. The sector is continuing to deal with the effects of the pandemic, particularly with the emergence of new travel patterns. The key challenges facing the sector are:

- Patronage and fares revenue
- Driver numbers and
- Fuel costs

### *Patronage and fares revenue*

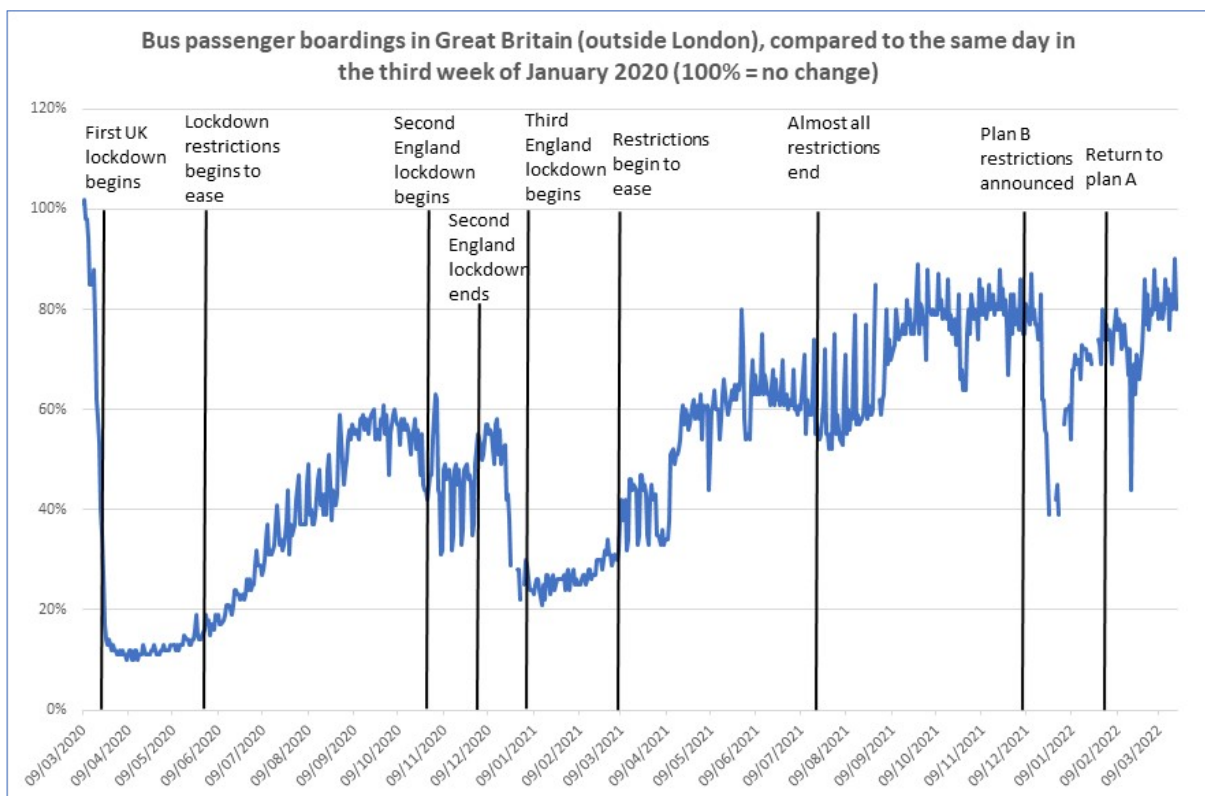
66. During the Covid pandemic, the bus industry saw a rapid and unprecedented reduction in patronage, with passenger numbers initially falling to 10% of pre-pandemic levels in the first lockdown. This slashed



fares revenue and the income of operators. Whilst some reduction in services was appropriate given the reduction in demand, the local bus service was shown to be vital to the functioning of our cities and towns, maintaining services so that key workers could get to work and essential journeys could still be made.

67. The Government’s response was rapid, decisive and comprehensive, providing generous levels of financial support to keep the bus sector alive and to ensure that services could continue to be provided. The primary mechanism of financial support during the pandemic was the Covid-19 Bus Service Support Grant (CBSSG).

68. **Figure 2** shows bus patronage data in Great Britain outside London since the beginning of the pandemic, with patronage levels shown as a baseline or index against January 2020. The key events over the course of the pandemic are shown.



**Figure 2: Bus passenger boardings GB outside London March 2020 – March 2022**

69. The end date for CBSSG had been set as May 2021. However, by May 2021 it was clear that patronage and revenue was returning more slowly than had been expected, reaching only around 60-70% of the pre-pandemic level

by May. Once CBSSG ended, the sector would have had to drastically reduce services. To prevent this, the Department negotiated and agreed a new Bus Recovery Grant (BRG) to help the sector recover, return to commerciality and adjust to new demands.

70. Patronage recovered to around 80% of pre-pandemic levels by the early autumn but the arrival of the Omicron variant in December 2021 gave a new severe blow to passenger numbers. Entering 2022 it became clear that BRG would need to be continued, or there was a risk that service levels would be cut by on average a further 10-15 percentage points to around 75% of pre-pandemic levels.
71. Following detailed negotiations, BRG has been extended until October 2022 with a further £146 million, as part of a larger local transport package of £183m-£186m which also includes further funding for light rail systems.
72. One of the Department's conditions for this funding is that LTAs and operators must work together over the next few months to grow patronage, identifying which passengers would have been expected to return but have not and taking action to attract them.
73. This work is closely linked to funding for enhancements through BSIPs, as to allocate that funding effectively LTAs and operators need to understand the likely base level of services and demand that they will expect in the future.
74. In addition to CBSSG and BRG, the English National Concessionary Travel Scheme (ENCTS) has also provided a critical role in supporting the bus sector throughout the pandemic. The ENCTS is worth around £1bn annually, enabling older and disabled people to travel for free. As acknowledged in the NBS, LTAs were asked to maintain concessionary reimbursement payments to bus operators at 100% of pre-Covid levels, despite the fall in travel by concessionary pass holders. This has provided significant additional financial support to the sector.
75. The ENCTS Recovery Strategy aims to return payments to actual levels over the course of the next financial year; however, this has the status of guidance only and until April 2023, individual LTAs can choose an alternative approach should local circumstances require it.
76. Similarly, Bus Service Operators' Grant (BSOG), worth £259m annually, was paid at pre-Covid levels during the pandemic up until September 2021, when it was returned to reflecting actual levels of bus operations. Paying

B SOG at pre-Covid levels served to give operators a greater degree of security.

77. Overall, the Government response to the unprecedented falls in passenger numbers and fares revenue during Covid-19 pandemic has throughout been to act to support essential bus services and deliver stability to the bus sector.

#### *Driver numbers*

78. In Summer 2021, the Department heard from the bus and coach sector that operators were facing difficulties in recruiting and retaining drivers.

79. The Department worked closely with the Association of Directors of Environment, Economy, Planning and Transport (ADEPT) and the Confederation of Passenger Transport (CPT) to gather information to gain an understanding of, and assess, the current staffing levels and recruitment pipeline in the bus sector.

80. Through this intelligence and wider engagement with the sector, operators identified that delays in licencing and testing, and driver pay and conditions, were acting as barriers to employment in the industry.

81. In order to address the delays in licencing and testing, the Department for Transport worked closely with its executive agencies to implement the following:

- The Driver and Vehicle Licensing Agency (DVLA) accelerated processing of provisional bus driving licences from ten days to around five days.
- The Driver and Vehicle Standards Agency (DVSA) provided up to 50,000 more test slots per year, enabling more prospective drivers to apply and take their tests.
- More vocational examiners have been recruited to boost capacity.
- Additional Defence Driving Examiners from the MOD were trained and redeployed to conduct civilian tests with the DVSA to address the backlog.
- On driver pay and conditions, as a deregulated industry, individual bus operators are required to ensure they have sufficient staff in order to run their scheduled services. To this end, we expect the bus sector to pursue all opportunities to encourage job seekers into the industry. It is

also the responsibility of bus operators to make sure their conditions are attractive to prospective employees.

82. Beyond this, the Department continues to monitor driver numbers and its impact on bus services. Our monitoring suggests that bus service levels appear to have held up in the first months of 2022, despite the impact of driver numbers and the Omicron variant. (See Figure 2 above)

#### *Fuel costs*

83. A combination of factors has led to increasing fuel prices throughout this year, which have been exacerbated by Russia's invasion of Ukraine. Whilst modelling for the BRG in February took into account increasing fuel costs and allowed for other inflationary pressures, prices have continued to rise.

84. Larger bus operators hedge fuel costs but smaller operators often purchase fuel in real time and therefore have been hit by recent rises that have increased their operating costs.

85. In response to these unique circumstances, on 23 March 2022, the Government announced a fuel duty cut for petrol and diesel of 5 pence per litre across the whole of the UK. This is the biggest cut in cash terms ever been applied across all fuel duty rates at once.

### **Section 3: Bus funding over the short and long term**

#### *Total bus funding 2020/21 to 2024/25*

86. In February 2020 the Prime Minister announced that £3bn of new funding would be invested in buses in England outside London over the lifetime of the current parliament. In March 2021, the NBS set out that this funding would be allocated to:

- Bus priority schemes to speed up journeys;
- Supporting new and increased services (with at least £300m of funding to support the sector's recovery from the pandemic in 2021/22), this includes:
  - more frequent services, including in the evenings and at weekends;
  - lower and simpler fares;
  - making services easier to understand, including common route numbering systems, branding, publicity, apps and timetables, along

with simple, high-frequency trunk services rather than lots of low-frequency services combining together.

- Accelerating the delivery of zero emission buses (with £120m invested in 2021/22);
- Giving LTAs the skills and people they need to deliver the strategy.

87. **Table 2** below summarises how the full £3bn has been allocated to the categories set out in the NBS, taking into account the capital funding being provided through the City Region Sustainable Transport Settlements (CRSTS).

**Table 2: Breakdown of funding provided to the bus sector against the £3bn commitment, 2020/21 - 2024/25 (£m)**

(£m)	2020/21	2021/22	2022/23-2024/25	TOTAL
<b>Bus priority and infrastructure</b>	24		493	<b>517</b>
<b>Services and fares</b>	144	501	645	<b>1,290</b>
<b>ZEBs</b>	50	270	205	<b>525</b>
<b>Skills and delivery</b>	0	25	15	<b>40</b>
<b>CRSTS bus funding (estimate)</b>			780	<b>780</b>
<b>TOTAL</b>	<b>218</b>	<b>796</b>	<b>2,153</b>	<b>3,152</b>

*Note: Of the total £3bn funding a total of £419m is Covid emergency and recovery funding as the 'services and fares' category includes £571m of such support*

#### *Covid-19 pandemic special funding*

88. £1.86bn in dedicated support to the bus industry has been provided during the period of the Covid-19 pandemic, which was discussed in detail in Section 2, paras 66-77. This substantial amount of funding has enabled the bus sector first to remain stable and serve essential needs, and then to recover and adapt.

#### *Funding the NBS*

89. The NBS committed a significant amount of funding to support and improve the bus sector over the short and the long term, which is described in this section.

90. The NBS also reaffirmed the Government's commitment to supporting the first, low fare Superbus network in Cornwall, as described in Section 4, and support for the Birmingham Bus Corridor. Other funding streams supporting the bus sector include funding delivered through the City Region Sustainable Transport Settlements and the Transforming Cities Fund, plus funding for the Community Transport Association for development of the Minibus Driver Awareness Scheme (MiDAS).

91. As described in Section 1, the NBS asked LTAs to produce BSIPs by the end of October 2021, and to take steps to move towards either franchising arrangements or statutory Enhanced Partnerships as the means of local delivery. £25m in support for local authority capacity and capability was provided to LTAs in 2021/22 to enable them to do this. To further strengthen the in-house capacity of LTAs, the Department will provide a further capacity support grant to every LTA in 2022/23. This will enable LTAs to employ a dedicated bus Enhanced Partnership officer ('EP officer') for the next three years. The Department will write to authorities soon to set out the value of the grant to be made to each LTA.

92. The Department will also assist LTAs in identifying existing and future alternative opportunities for funding to deliver bus service improvements such as integrated ticketing offers, marketing, branding or bus priority, at low cost in conjunction with operators or as part of other funding streams.

### *Zero Emission Buses*

93. Significant funding has also been made available for the duration of this parliament. Section 5 describes funding for zero emission buses and progress against NBS commitments.

### *Long term funding: Bus Service Operators Grant (BSOG) and Concessionary Fares*

94. The Bus Services Operators Grant (BSOG) is a grant paid to operators of eligible bus services and community transport organisations to help them recover some of their fuel costs. Through BSOG, £259 million is provided annually to keep fares down and to enable operators to run services that may not be commercially viable. Of this, £42 million is provided to LTAs, enabling them to subsidise socially necessary bus services. This level of funding has been confirmed at the Spending Review and will continue as BSOG is reformed. Historically the funding each bus operator received was

primarily based on their annual fuel consumption. We committed in the National Bus Strategy to change this approach. The first significant change was introduced from 1 April this year with a new 22p per km rate for Zero Emission Buses introduced. Further changes will be made as part of BSOG Reform.

95. A decision was taken to delay consulting on BSOG reform, in order to allow officials to focus on extending the Bus Recovery Grant scheme. Nevertheless, progress has been made on delivering this NBS commitment. Workshops with a range of stakeholders have been undertaken to ascertain initial views on the reform process, and the key principles for reform are clear. A full consultation will be launched later this year, with BSOG moving from the outdated model of a grant paid predominantly on fuel usage, to one which supports ZEBs and recognises the need to transition quickly away from diesel buses. The detail of this will be informed by stakeholder responses, but the grant will continue to support the bus sector in running services across England. As we have stated in the NBS, we intend subject to consultation that the reformed BSOG will be available only to LTAs and operators in an Enhanced Partnership, or where franchising is being actively pursued.
96. The English National Concessionary Travel Scheme (ENCTS) is the other long-term source of revenue support for the Bus Sector with the Government supporting council spending of around £765m per year outside London. Funding of the ENCTS is consolidated and not ringfenced, which enables LAs to make spending decisions that more closely match local needs.
97. DfT is responsible for ENCTS policy, although payment of the grant is made by the Department for Levelling Up, Housing and Communities (DLUHC) as part of the overall Revenue Support Grant to local authorities.

#### **Section 4: Innovation in the sector**

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

*Demand Responsive Transport and the Rural Mobility Fund (RMF)*

98. The Rural Mobility Fund (RMF) is a £20 million fund to trial demand responsive transport (DRT) solutions in rural and suburban areas. The high-

level objective of the funding is to establish whether DRT solutions (either alone or in conjunction with existing services) can serve such communities more effectively than traditional public transport solutions alone. The funding supports seventeen schemes across fifteen different local authorities in England.

99. The pilot schemes were assessed against criteria based on improving access to employment, healthcare, education and other services, demonstrating the transport challenges faced by local residents, and trialling a broad mix of approaches. There have been some delays in bringing services to launch. Reasons for this vary but have included internal local authority processes taking longer than anticipated, the effects of the Covid pandemic, and delays in obtaining vehicles. Eight schemes (Cheshire East, Essex (Braintree), central Essex, Hertfordshire, Norfolk, North Lincolnshire, Staffordshire and Surrey) have started running services with five more scheduled to follow by summer 2022. Funding has been provided for two to four years.
100. DRT has the potential to transform the local transport offer in areas where demand is more dispersed, and the distances involved make it more challenging to maintain or provide services which meet residents' diverse needs. The schemes will be participating in a monitoring and evaluation programme which will provide an evidence base of good practice and lessons learned around delivery and operation of DRT schemes. The first wave of evidence gathering will commence in April.
101. The National Bus Strategy supports new forms of bus provision in areas that are currently not adequately served by conventional timetabled buses - and at times of day when fixed route services are unviable. It encourages local authorities to consider DRT as one of the tools available for improving local bus service provision, including to improve evening and weekend services, and provide access to services, education and sites of employment such as out-of-town business parks and places with varied working hours.
102. We are confident that we will start to see these improvements as the pilot schemes bed in and will be keen to learn lessons to inform future DRT services.
103. **Regional Breakdown of pilots**



**South-East (3):** Buckinghamshire Council (a) Aylesbury (b) High Wycombe, Surrey County Council

**South-West (2):** Gloucestershire Council, Wiltshire Council

**North-West (3):** Cheshire East Council, Cheshire West and Chester Council, Cumbria County Council

**Yorkshire & Humber (1):** North Lincolnshire Council

**East Midlands (3):** Leicestershire County Council, Nottinghamshire County Council

**West Midlands (2):** Staffordshire County Council, Warwickshire County Council

**East (3):** Essex County Council: (a) Central Essex (b) Braintree, Norfolk County Council, Hertfordshire County Council (NE Hertfordshire).

### *Bus Rapid Transit (BRT)*

104. Bus Rapid Transit can offer a cheaper, road-based solution to other Mass Transit Schemes – such as light rail. It provides the flexibility of being able to operate on a segregated busway and drive on the road where required. It is also quicker to deliver as it does not require the extensive infrastructure that light rail schemes use.
105. BRT, when introduced in the right locations, can offer an enhanced experience compared to traditional bus services and as set out in the NBS, we think the Belfast Glider-style BRT has great potential. Our ambition was to see the development of proposals for up to five Glider-style systems in England's towns and cities
106. 22 local areas identified BRT proposals through their BSIPs, and 6 areas will receive significant BSIP funding which may be used to develop their schemes. We are currently assessing other places that could receive funding for BRT: Portsmouth, Reading, Hertfordshire, Brighton & Hove, Luton and North East CA & North of Tyne CA.
107. In addition, two city region areas have included BRT proposals in their bids for City Region Sustainable Transport Settlement (CRSTS). These include extensions to the Metrobus BRT in the West of England and new routes for the Sprint BRT in the West Midlands.

### *Cornwall Superbus*

108. The Cornwall Superbus project was first announced as part of the Better Deal for Bus Users rollout in September 2019 and was delayed due to the pandemic.
109. The pilot began on 10 April 2022 with a 12-month 'recovery phase' with a promotional discount introduced on all single fares – to accelerate the return to bus:
  - £2.80 fare reduced to £1.90
  - £4.20-£2.80
  - £5.20-£3.50
  - £6.30-£4.20.
110. This will deliver cost of living benefits and will be followed by a three-year 'Growth Phase' comprising a further revised fare structure (informed by year one data) including tap on/ tap off to remove any ticketing barriers to bus use.
111. Cornwall's aim is for the overall package to increase patronage enough for pilot fares to continue after the pilot ends – and the pilot includes a data capture programme that will provide hard data on how far subsidised fares encourage long term passenger growth.

#### *Bus Open Data Service (BODS)*

112. Providing real-time information of bus arrival times assists passengers in planning their journeys safely and reduces waiting times at bus stops.
113. We are making this information available nationally to journey planning providers such as Citymapper, Google and Moovit to encourage more passengers to choose buses and public transport over car for travel.
114. We have committed to enhancing the data offer and adding predictions data which tells passengers how many minutes the bus is from the bus stop and on average how long the journey might take. This will give people the information they need to plan their journey safely.
115. As of February 2022, 427 operators have registered for the service, 368 operators have published their timetable data for 6,406 services nationally, 229 operators have published location data feeds for 24,215 vehicles and 224 operators have published fares data for a range of tickets including single, daily, weekly, monthly and flat fares.

116. Beyond transforming the passenger experience, the data is also supporting local authorities and bus operators to deliver better bus services. The Analyse Bus Data Service translates bus live location data into operational insights to help authorities deliver faster and more frequent bus services. Currently 92 authorities have signed up for this service.

#### *Smart ticketing*

117. The NBS set out an ambition for smart ticketing across local bus services, with an expectation that all passengers should be able to pay by contactless bank card and smart phone, with fares capping, as in London.

118. The Department is working with partners in local government and the bus industry to develop a technical solution to enable multi-operator ticketing, which should allow automated revenue apportionment between operators. Subject to review of the business case, procurement is expected later this year, along with proposals for the on-going operation and governance of such a solution.

### **Section 5: Decarbonisation and modal shift**

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

119. The UK was the first major economy to pass legislation to reach net-zero emissions by 2050, and, in line with the advice of the Climate Change Committee, has set the world's most ambitious climate change target in the Sixth Carbon Budget, such that by 2035 we will reduce carbon emissions by 78%, relative to 1990 levels.

120. Transport is the largest contributor to UK domestic greenhouse gas (GHG) emissions, responsible for 27% in 2019. Together buses and coaches are responsible for 3% of GHG emission from transport. Buses have a crucial role to play in decarbonising transport achieving net zero, both through decarbonising the bus fleet and modal shift.

#### *Funding for zero emission buses*

121. In the February 2020 announcement, the Government promised "at least 4,000 new zero emission buses to make greener travel the convenient option, driving forward the UK's progress on its net zero ambitions." In a

speech in June 2020, the Prime Minister promised that "with 4,000 brand new zero carbon buses... we will build and rebuild those vital connections to every part of the UK."

122. Some 17 LTA areas have been allocated new funding for zero-emission buses (ZEBs), with more awards to come. All those areas receiving ZEB funding have had to satisfy conditions on bus priority.
123. Funding ZEBs through schemes supports the nation's climate ambitions, improves transport for local communities and supports high quality green jobs, including in manufacturing.
124. Our long-term aim is for the total cost of ownership for ZEBs to be lower than for diesel buses. Therefore, we are providing capital funding through a number of schemes, including the Zero Emission Bus Regional Areas (ZEBRA) scheme to offset the high capital costs.
125. We are committed to supporting the roll out of both battery electric buses and hydrogen fuel cell buses. We recognise that there are bus routes where it may not be practical to introduce battery electric buses and where hydrogen fuel cell buses could play a role, such as longer bus routes. Through funding schemes, such as the ZEBRA scheme, local areas have been able to apply for funding for both battery electric and hydrogen fuel cell buses, depending on their assessment as to which technology is best suited to their areas.
126. The Government has committed £525 million funding for ZEBs this Parliament. Under this Government, we have funded nearly 1,700 new ZEBs in England:
  - 943 ZEBs have been supported through £198.3 million funding from the standard process of the ZEBRA scheme. The funding was awarded to 12 areas in England: Blackpool, City of York, Hertfordshire, Norfolk, North Yorkshire, Nottingham, Oxfordshire, Portsmouth & Hampshire, South Yorkshire, Greater Manchester, West Yorkshire and the West Midlands. The West Midlands received funding for 124 hydrogen buses, the largest hydrogen bus project in the UK to date. We expect the first orders for ZEBs to be placed in the coming months and the majority of these ZEBs are expected to be on the road by March 2024.

- 335 ZEBs have been supported through nearly £71 million funding awarded under the fast track process of the ZEBRA scheme. Five areas were awarded funding: Cambridgeshire & Peterborough, Leicester, Warrington, Kent and Milton Keynes. We expect the first orders for ZEBs to be placed in the coming months and all ZEBs are expected to be on the road by March 2024.
- In March 2021, £50 million funding was awarded to the West Midlands Combined Authority to transform Coventry into the first All Electric Bus City. Up to 300 ZEBs will be supported through the project by 2025 and the first order for 130 electric buses was placed in December 2021.
- 82 ZEBs have been supported through the Ultra Low Emission Bus Scheme in England outside London since February 2020. 51 of these buses are on the road, two have been delivered to the bus operator but are not yet in service and 29 have been ordered.

127. There is over £200 million of further funding dedicated to zero emission buses, over the remainder of the Spending Review, which will support even more zero emission buses.

128. In terms of other sources of funding which can be utilised to support the transition and address the potential cost barriers, local areas are also able to use funding from other Government funding schemes, including the Transforming Cities Fund and the City Region Sustainable Transport Settlements to support the introduction of ZEBs.

#### *Revenue support*

129. Since the launch of the strategy work has been carried out to address how revenue support can be claimed for ZEBs and provide the required support for these vehicles. From 1 April 2022, operators will be able to take advantage of an uplift in Bus Service Operators Grant (BSOG) payments for ZEBs, to 22p/km. This is ahead of the broader reform of BSOG. This will look to ensure that revenue support reflect the priority that the Government is placing on the wider decarbonisation of the fleet

#### *Procurement support*

130. As a further lever the Government recognises the role that different procurement routes can provide in supporting the uptake of these

vehicles. Through the ZEBRA scheme this has been evidenced through the range of procurement approaches that Local Authorities and their partners have pursued. As part of this wider approach we are working with Crown Commercial Services to produce a new contract framework to make it easier for public sector bodies, bus operators and others to procure ZEBs in future.

### *Innovation*

131. Wider measures across Government can also support the introduction of ZEBs. Decarbonisation is an area of real innovation. The Office for Zero Emission Vehicles has previously funded a UK, first of a kind, large scale, multi-megawatt, demonstration of Vehicle to Grid (V2G) technology in bus depots. V2G vehicles can act as energy aggregators, helping to balance the local distribution network, presenting significant benefits for operators and across the entire energy system.
132. The Advanced Propulsion Centre provided an investment of £11.2 million to develop and manufacture low-cost hydrogen fuel cell technology for buses, as well as create a hydrogen centre of excellence with Wrightbus in Ballymena, Northern Ireland. Investment in new technologies, including hydrogen fuel cells, will help cement the UK's position as a global leader in automotive technology and support the country to build back better and greener from the pandemic by helping to meet the UK's climate goals.
133. Work going forward will continue to consider how innovation and new approaches on both the vehicle and infrastructure provision can be supported and expanded more widely.

### *Financial levers*

134. A final category of levers that the Government are looking to utilise relate to wider financial support that ZEBs could benefit from.
135. A 'super-deduction' was announced at Budget 2021 offering a 130% capital allowance on investment, and a 50% first-year allowance for qualifying machinery and equipment between FYs 21/22 – 22/23. Qualifying assets include ZEBs and charging/refuelling infrastructure. This will further support the case for investment in ZEBs in the short term.

136. Additionally, from 2023, the government will introduce business rates exemptions for eligible plant and machinery used in onsite renewable energy generation and storage, including battery storage used with renewables and electric vehicle charging points.
137. Finally, there is also a potential role for private finance and innovative business models in supporting the introduction of ZEBs. There are a number of models that could be used to secure private finance for ZEBs and we have already seen a number of ZEB projects utilise Government grant funding in conjunction with private finance through recent schemes. Further work will be done to understand how these can be further taken forward.
138. All these measures taken together mean that the Government is on track to deliver on its 4,000 zero emission bus commitment.

#### *Setting an end date for sale of new non-zero emission buses*

139. The longer-term measures to decarbonise the fleet are being pushed forward by wider work to consult on when there can be an end to the sale of non ZEBs.
140. On 26 March 2022 we launched a consultation on the preferred date to end the sale of new, non-zero emission buses, coaches and minibuses. It closes on 21 May. Views are sought on the specific date between 2025-2032 for ending the sale of new, non-zero emission buses. It follows on from our initial consultation in spring 2021 on this matter, when the responses were broadly supportive of ending new diesel bus sales.
141. From the date set (2032 at the very latest), the sale of all new buses, powered either in part or totally by an internal combustion engine would cease to be allowed. An appropriate but ambitious end of sales date will provide certainty to operators and manufacturers on the timescale for the winding down of production of diesel buses. It will help manufacturers focus their R&D activities on making ZEBs cheaper and reducing operator running costs and will assist operators to determine their on-going fleet renewal plans.
142. The transition to ZEBs aims to improve the UK's energy security, by partly replacing our reliance on imported oil with largely homegrown, increasingly renewable, energy sources. The Government remains technology neutral, but not outcome neutral – to achieve legally binding

carbon and air quality targets, and reduce our contribution to climate change, the bus sector must transition to zero emission vehicles.

### *Modal shift*

143. Accelerating modal shift to public and active transport is one of Government's strategic priorities. We are investing to ensure that public transport and active travel can be the natural first choice for daily activities.
144. As we have stated, improving bus services is the easiest, cheapest and quickest way to improve transport. Improvements of the kind laid out in Bus Back Better led to meaningful modal shift in London and other cities, including Brighton, Oxford, parts of the West Midlands and York.
145. We expect that the commitments made in the NBS to radically overhaul the bus sector, will make bus travel more attractive to passengers and help make the bus the default choice for getting around. We also believe that bus should be better integrated with other modes and each other: More bus routes should serve railway stations, as is standard in most European countries.
146. Cars will remain a lifeline for many communities and individuals and electrification of vehicles makes that a more sustainable option for many.

### **Section 6: Looking forward**

147. This written evidence has provided what we hope is a helpful account of the state of progress in delivery of the National Bus Strategy – One Year On, structured according to the specific themes identified by the Committee in its call for evidence. This brief final section looks forward to 2022/23 and beyond. Whilst we have made significant progress, the NBS is a long-term strategy for the transformation of bus services, and there inevitably remains much more to do.
148. The Department wants bus services to recover first and then surpass the levels of patronage seen before the pandemic. To do this requires everyone to recognise, identify and then serve the new patterns and preferences in travel demand that have developed during the pandemic and may persist into the medium-long term. It is argued that a decade's worth of developments in working and commuting patterns, as well as in



shopping/leisure time have been squeezed into the two years of the pandemic.

149. The bus sector is well placed to respond to these changes and to view the new pattern of travel preferences as a market opportunity. Central to success is the NBS approach of local authorities and operators working in partnership to make buses a practical and cheaper choice for people.

150. The Department will support the sector every step of the way in this journey. Some next steps worth highlighting include:

- The next six months will be crucial in the key immediate priority of recovering patronage and preparing the sector for the move to greater financial sustainability and independence from emergency financial support.
- We will consider consultation responses and then set a legal end date for the sale of new diesel buses, and set an expectation for when the entire bus fleet will be zero emission.
- We will provide ongoing assistance to local authorities funded to deliver their BSIPs in full or in part, and we will support all LTAs to deliver either an Enhanced Partnership or a franchising arrangement.
- We will commence authorities' enforcement powers under the remaining elements of Part 6 of the Traffic Management Act 2004.
- We will reform BSOG to better meet Government priorities; we will consult on the details of a modernised BSOG. We will set out our detailed plans in that consultation.
- We will consult on draft amendments to the Public Service Vehicles (Conduct of Drivers, Inspectors, Conductors and Passengers) Regulations 1990 to ensure that the wheelchair space and priority seats are made available for passengers who need them.

April 2022

## Endnote

---

<sup>1</sup> <https://www.gov.uk/government/news/major-boost-for-bus-services-as-pm-outlines-new-vision-for-local-transport>