

# ALEXANDER DENNIS LTD – WRITTEN EVIDENCE (EMP0066)

## Employment and COVID-19 inquiry

### Additional information request per the Economic Affairs Committee evidence session on 20 October 2020

We greatly appreciated the Committee's time on 20<sup>th</sup> Oct to discuss the challenges Alexander Dennis, the largest UK bus manufacturer, and the wider industry are faced with as a result of COVID. With demand for new vehicles plummeting, a continued lack of orders is directly putting hundreds more jobs at risk (plus the wider supply chain impact) and permanently scarring an industry that can play a pivotal role in the UK's "green recovery".

With complex supply chains and the contract nature of vehicle orders, our industry can't simply switch facilities on and off. Manufacturers are uniquely impacted by COVID – operators have received grant support throughout the pandemic allowing existing services to continue running. This does not increase the chance of operators or franchises investing in new vehicles.

In February of this year, the Prime Minister announced his commitment to deliver 4,000 green buses, a pledge reiterated in July. To date, we have seen no tangible action on how this will be delivered.

We have been calling for Government to provide the industry with emergency funding in the form of front-loading ~1,000 of the 4,000 green buses committed immediately. An order of this magnitude would give the industry time, in conjunction with pre-COVID orderbooks and export business, to halt the next major redundancy round, by which time we expect the broader UK market to recover. This is an investment that benefits the whole sector for the long term while supporting the Government's decarbonisation agenda. **Including infrastructure, 1,000 battery electric buses are expected to cost ~£450m.<sup>1</sup>**

With operator contributions and private financing considered, the Government investment required could be substantially lower. **Looking at the funding formula utilised for the *All-Electric Bus Town* scheme as a reference point, the equivalent vehicle mix could be delivered at a cost to Government of ~£185m.<sup>2</sup>** It should be emphasised however, given the significant fall in ridership, sizeable incentive is critical to encourage operators to invest in new green buses in the short term.

*5 November 2020*

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<sup>1</sup> Assumes a 50/50 split between single deck and double deck buses.

<sup>2</sup> DfT will support up to 75% of the cost difference between a zero-emission bus and a standard diesel bus equivalent of the same total passenger capacity, plus infrastructure costs up to 75% of the capital expenditure incurred as a result of its purchase and installation.