



CONFEDERATION OF PASSENGER TRANSPORT

Consultation on the Introduction of Electric Vehicle Excise Duty (eVED)

Introduction

The bus and coach sector is ideally placed to help the government deliver on its key priorities including growing the economy, breaking down barriers to opportunity, supporting people into work, bringing down carbon emissions, and building a modern transport system.

We welcome the opportunity to respond to the consultation on the introduction of Electric Vehicle Excise Duty (eVED). While the consultation is clear that eVED will not be applied to bus and coach, which we strongly support, the direction of travel toward mileage based road taxation has clear implications and opportunities for the wider transport system.

Reform of motoring taxation provides a real opportunity to actively support shifting private car journeys to public transport which, in turn, would further support delivery of Government's ambitions on decarbonisation, air quality, congestion reduction and modal shift ambitions.

About CPT

We help a dynamic bus and coach industry to provide better journeys for all, creating greener communities and delivering economic growth.

We do this by representing around 800 members from across the industry be they large or small, bus or coach, operator or supplier. We use our influence to campaign for a supportive policy environment, give our members practical advice and support to run their businesses safely, compliantly and efficiently and bring the industry together to share ideas and best practice. We're ambitious to make things better for passengers, inclusive in seeking out different perspectives and we're always there when our members need us.

Buses and coaches are at the heart of the nation's economic and social life. 11 million¹ journeys a day are made by bus to get passengers to work, education and to access essential services, and the coach sector offers great value inter city and leisure travel, with over 450 million journeys annually, equivalent to 40% of all journeys taken by rail.

Designing eVED to support public transport

Buses and coaches operate under distinct economic and regulatory conditions from private cars and already contribute to the Exchequer through Vehicle Excise Duty (where applicable), employer taxation, infrastructure charges, and energy costs. A mileage based framework designed for private motorists would therefore be inappropriate for public service vehicles.

Crucially, buses and coaches reduce congestion, emissions, and road wear per passenger mile, with a double decker capable of removing up to 75 cars from the road at peak times. We strongly support the government's proposal to keep buses and coaches out of scope of eVED.

Opportunity for modal shift

CPT recognises the long term fiscal challenge created by declining fuel duty revenues as electrification accelerates. However, reform of motoring taxation must not be considered

¹ [Annual bus statistics: year ending March 2024 \(revised\) - GOV.UK](#)



in isolation from wider transport objectives. Road pricing reform could alter the relative cost of private motoring compared to public transport, and this could become a powerful lever in influencing travel behaviour.

The Government has repeatedly committed to increasing bus patronage, accelerating decarbonisation, improving air quality and reducing congestion. Any new taxation policy must reinforce these objectives and act as part of a coherent agenda in support of driving modal shift from private car to public transport.

Motoring tax reform should not be viewed solely as a revenue replacement exercise. It is also a powerful policy lever that will influence travel behaviour for decades to come.

If implemented correctly and embedded within a coherent transport strategy, eVED could help support the Government's stated ambition to shift journeys from private car to public transport and active travel. This outcome is not automatic. It depends on how the duty is structured, how rates evolve, and how revenues are used.

Done well, eVED could support modal shift, reduce congestion, and accelerate decarbonisation. Done poorly, it risks entrenching car dependency while missing a strategic opportunity to strengthen public transport.

Electrification of cars reduces tailpipe emissions, but does not address congestion, road space constraints, or the broader economic costs of high car dependency. Zero emission cars contribute to congestion and reduce network efficiency in urban areas, as well as having a greater impact on road surfaces than conventional internal combustion engine (ICE) vehicles.

With the proposed eVED introducing a clear per mile cost for electric vehicles (mirroring the behavioural signal currently provided by fuel duty), it creates an opportunity to shape travel choices. It should be designed in a way that:

- discourages unnecessary or low value car mileage
- encourages better travel decisions
- supports shifts toward public transport and active travel.

CPT believes that supporting modal shift must be recognised as a complementary objective of eVED, alongside fiscal sustainability.

The consultation notes that early year revenues will be reinvested in the transition and to support roads funding. CPT strongly encourages Government to allocate a defined share of early year eVED revenues to measures that directly enable modal shift, including bus priority measures and reliability improvements, ensuring bus fares stay low, and continued support for zero emission bus procurement.

Fiscal reform should actively accelerate the transition to more efficient transport modes, not simply stabilise revenues.

Use of Technology

Any future system must be straightforward for motorists to understand and comply with, avoiding unnecessary administrative complexity. At the same time, it should reflect the differing costs that road use imposes on society.



For example, a large vehicle travelling in a congested city centre during the morning peak, places greater pressure on road space, air quality and network efficiency than a small vehicle travelling on uncongested rural roads at quieter times.

Over the longer term, technology should therefore be used in ways that make compliance simple for motorists while helping Government better understand patterns of road use. This would support the development of a road taxation framework that can more accurately align charges with policy objectives such as congestion reduction, air quality improvement and modal shift, while maintaining strong safeguards around motorists' privacy.

Recommendations

1. Government should confirm that bus and coach will remain out of scope of the proposed eVED, as per the consultation proposal in the long term;
2. Government should allocate a defined share of early year eVED revenues to measures that directly enable modal shift including bus priority measures, reliability improvements, ensuring bus fares stay low, and continued support for zero emission bus procurement; and
3. In the longer term, Government should utilise available technology to develop a road taxation framework that can more accurately align charges with policy objectives.

Summary and conclusion

The introduction of eVED marks a significant shift in how road use is taxed. Its design must support the Government's wider objectives on growth, decarbonisation, and congestion reduction.

The Government now has an opportunity to ensure that road taxation reform does not merely replace lost revenue, but actively accelerates the shift to a cleaner, more efficient, and more inclusive transport system - any reform of road taxation must strengthen, not weaken, the case for bus and coach travel.

Buses and coaches deliver significantly better carbon and congestion benefits per passenger mile than private car² and should remain out of scope. Allocating a defined share of early year revenues to measures that enable modal shift would ensure that reform enables a shift to a more efficient and cleaner transport network, rather than serving as a neutral revenue replacement.

We would welcome continued engagement with HM Treasury and the Department for Transport as policy development progresses and would of course be happy to meet with officials to discuss or expand on any aspect of our submission.

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²² Average UK cars emit around 170–180g CO₂ per passenger-mile, compared with around 100–130g for local buses and roughly 30–50 g for coaches. This means bus travel typically produces around 25–40% less CO₂ per passenger-mile than cars, while coach travel produces around 70–80% less (Department for Energy Security & Net Zero (DESNZ), UK Government *Greenhouse Gas Conversion Factors for Company Reporting* (latest edition); Department for Transport (DfT), *Transport Energy and Environment Statistics: Journey Emissions Comparisons Methodology*; Our World in Data, *Carbon footprint of transport*)