

**TRANSPORT SELECT COMMITTEE CALL FOR EVIDENCE
REFORMING PUBLIC TRANSPORT AFTER THE PANDEMIC**

SUBMISSION BY THE CONFEDERATION OF PASSENGER TRANSPORT: BUS

About CPT

1. The Confederation of Passenger Transport (CPT) represents the operators of bus and coach services across the UK. We have more than one thousand enterprises in membership, including major PLCs, municipally-owned companies and family businesses with fewer than ten vehicles.
2. CPT submitted a response to the Transport Select Committee's inquiry *Coronavirus: Implications for Transport* in May 2020. This submission looks forward beyond the pandemic at the longer term implications and how the bus sector can play a key role in the Government's green economic recovery agenda.
3. We are submitting a separate response on behalf of the coach sector.

Executive Summary

4. We need a vibrant bus sector to drive the nation's economic recovery and lead our fight against air pollution and the climate emergency.
5. Covid-19 has hit bus industry hard. To recover, and grow, the bus market needs a strong partnership between central government, local government and bus operators. Central Government should confirm through the National Bus Strategy and Spending Review that the £3bn set aside for bus earlier this year will be used as follows:
 - Funding of at least £1.2bn on bus priority measures
 - Investment of at least £1bn in zero emission buses
 - Funding of the order of £10m per year for a sustained joint industry/government campaign aimed at attracting more people to use the bus
 - Short term funding – we propose £500m in 2021, declining thereafter as networks become self-sustaining - to prevent excessive reductions in local services and foster the growth of new services
 - A requirement for local transport authorities and bus operators to join forces in new, agile Recovery Partnerships which will provide the local framework for agreeing the new network, the distribution of funding to support it in the short term and the rapid mobilisation of bus priority measures to sustain it for the long term

Importance of the bus

6. Buses are a vital part of our country's infrastructure. Pre-Covid we took, on average, around 50 bus trips per person per year.¹ With 60% of all public transport journeys being taken by bus,² more journeys were taken by bus than all other public transport combined.³ Pre-pandemic, more people (2.5 million) commuted to work by bus than all other forms of public transport combined, and these bus users generated £64 billion of economic output each year.⁴

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/822089/nts-2018-factsheets.pdf

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/666759/annual-bus-statistics-year-ending-march-2017.pdf

³ DfT National Travel Survey 2017 Tables NTS 0308, 0313

⁴ Mackie, P. Laird, J. and Johnson, D. (2012) Buses and the Economy, Institute for Transport Studies, University of Leeds

7. It is essential that industry and Government work together to get back to – and then grow – this contribution to the economy and society and the positive impact this would have on our environment. Buses are the greenest vehicles on our roads and have a crucial role to play in helping to meet the Government’s targets on improving air quality and fighting the climate emergency. A full double decker bus can take up to 75 cars off the road,⁵ and if everyone switched just one car journey a month to bus, there would be a billion fewer car journeys and a saving of 2 million tonnes of carbon dioxide.⁶

Impact of Covid-19 on the bus industry

8. Covid-19 has hit the bus industry hard. In the height of the pandemic, passenger numbers were down 90%. Even as lockdown restrictions have been eased, passenger numbers remain below pre-pandemic levels and, while social distancing remains in place, operators are unable to fill buses to a capacity sufficient to make them commercially viable.
9. Government financial support provided to the industry has been very welcome, but the industry is keen to reduce reliance on public subsidy. However, continued social distancing impacts the ability of services to be commercial and it will take time for customer confidence in bus travel to return.
10. The COVID-19 crisis also represents an immediate threat to the future of the UK bus manufacturing industry. If no orders are placed this year, we could see the loss of around 10,000 manufacturing jobs and apprenticeships, and the ability of the industry to deliver zero emission buses in the future could be seriously undermined.

Implications for the National Bus Strategy

11. To recover, and grow, the bus market needs a strong partnership between central government, local government and bus operators. Central Government should confirm through the National Bus Strategy and Spending Review:
 - Funding of at least £1.2bn on bus priority measures
 - Investment of at least £1bn in zero emission buses
 - Funding of the order of £10m per year for a sustained industry/government campaign aimed at attracting more people to use the bus
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Investment in bus priority measures

12. Getting people out of their cars and onto the bus would have a dramatic impact on carbon emissions and air quality. If everyone took one more bus journey a month we would reduce the UK’s carbon dioxide emissions by 2 million tonnes a year. We would also improve air quality - the Centre for Research and Clean Air has calculated that, during April 2020, the drastic reduction in private car usage led to a reduction in deaths of around 1,700 as a result of improved air quality.

⁵ <https://greenerjourneys.com/news/leave-cars-home-catch-bus-week/>

⁶ Greener Journeys (2013) <https://greenerjourneys.com/blog/help-us-take-one-billion-car-journeys-off-the-road/>

13. The economic costs of congestion are at least £11bn a year in urban areas in England.⁷ Some routes across the country take an hour longer in peak times as buses become stranded in congestion, and KPMG research suggests that over 160 million bus journeys over five years have been lost as a result of increased journey times.⁸ More reliable journey times will mean people feel confident to leave the car at home and use the bus. Before the pandemic 25% of car users said they would consider switching to buses if they were more reliable.⁹
14. Congestion increases bus operators' costs as they are forced to use additional resources to maintain service levels – a 10% decrease in bus speeds increases operating costs across the bus network by £400m a year. This is money which could be spent on providing an improved service for passengers. In *Moving Forward Together* published in September 2019 the bus industry committed to reinvest savings made from reduced congestion in improving services for passengers.
15. It is vital that government introduces policies that ensures bus, alongside other active travel measures, has priority within our transport networks to help provide more reliable journey times. Where successful schemes are implemented there is clear evidence that passenger numbers increase as people become more willing to use the bus. Bus priority measures in Bristol, matched with investment in new vehicles and ticket options by operators, led to an increase in bus use of over 50% over 7 years, and Crawley Fastway increased passenger numbers by 160% over 10 years. In Hull, extensive investment in bus priority, park and ride and interchange facilities coupled with operator-led investment in new vehicles and fares structures has increased passenger numbers by nearly 7% per year.¹⁰
16. A recent report by KPMG commissioned by Greener Journeys¹¹ looked at how £2bn of the £3bn allocated to bus expenditure by the Government earlier this year could most effectively be invested. Their starting assumption is that £1bn would be allocated to investment in zero emission buses. Their analysis suggests that, to achieve a balance between economic efficiency and equity, 60-70% of the £2 billion should be spent on infrastructure and 30-40% on supporting fares and additional services. The report suggests that this investment could result in at least a 20% increase in passenger numbers in all local authority areas in England outside of London.
17. At least £1.2bn should be spent on bus priority measures in towns and cities in England as part of this spending round to ensure faster, more reliable journey times which get more people onto the bus.
18. The KPMG research proposes that **£1.2bn of investment in bus priority delivers £6bn in benefits:**¹²

£2.3bn in direct benefits to passengers

Quicker bus journeys free up passenger time to spend with family, friends or allow people to work more productively.

£2bn through improved access to jobs

Dudley is less than 10 miles from the centre of Birmingham but the journey takes around 80 minutes in the morning peak. Making this and other journeys quicker will increase the jobs available to people.

£700m in health benefits linked to increased activity and employment

The average bus user walks for at least 20 minutes as part of their commute and there is a clear link between using public transport and a lower Body Mass Index (BMI).

⁷ Greener Journeys (July 2012) *Buses and Economic Growth: Summary of a Report by the University of Leeds, Institute for Transport Studies*

⁸ KPMG (2018) *Trends in English Bus Patronage: Report to the Confederation of Passenger Transport*

⁹ Greenerjourneys.com/news/ditch-the-car-catch-the-bus-week

¹⁰ KPMG (July 2020) *Maximising the benefits of local bus services* A report for Greener Journeys

¹¹ KPMG (July 2020) *Maximising the benefits of local bus services* A report commissioned by Greener Journeys for the Transport Knowledge Hub

¹² KPMG (June 2017) *The true value of local bus services: A report to Greener Journeys*

£440m linked to improved air quality and reduced carbon emissions

£420m in other benefits such as increased volunteering and general wellbeing

Zero emission buses

19. Buses are the greenest vehicles on our roads and have a crucial role to play in helping to meet the Government's targets on improving air quality and fighting the climate emergency.
20. Operators have led the way in decarbonising road transport and have invested £2 bn in new cleaner and greener buses over the last five years¹, meaning the UK now has its cleanest ever bus fleet.
21. The industry welcomed the Prime Minister's commitment to deliver 4,000 new zero emission buses during this Parliament, which would reduce carbon dioxide emissions by 2 million tonnes.
22. We want to see this transformational pledge delivered but the mechanisms used need to reflect the industry's own constraints on investment at a time when passenger revenue has been held back by Covid-19 restrictions. Forward orders have already been drastically reduced as operators are forced to defer or cancel orders for new buses. The Covid-19 crisis therefore represents an immediate threat to the future of the UK bus manufacturing industry and its extensive supply chain.
23. If no new bus orders are placed this year, UK bus manufacturers will need to take the difficult decision to scale back their workforce and production lines (and this is already starting to happen). This not only puts around 10,000 jobs and apprenticeships at risk, but would seriously impact the industry's ability to deliver orders of zero emission buses in the future. We therefore propose that Government uses its 'all electric bus town' programme to fast-track initial bus orders and urgently develops further mechanisms to deliver the required level of support (including infrastructure).
24. Any financial support model for the purchase of new buses needs to sufficiently incentivise operators to invest. Available capital for investment in new vehicles has disappeared as a result of Covid-19 so a model which requires no upfront capital and which reduces operators' monthly costs is required.
25. We have therefore been exploring leasing options, whereby Government invests £1bn to purchase zero emission buses and this is match funded by private finance. This would provide enough finance to purchase 4,000 zero emission buses, as per the Prime Minister's pledge earlier this year. This finance could be further supported with Government guarantees over either part of the lease and/or the residual cost of the vehicle. The buses can then be leased to operators over a long timeframe at a price equal to or lower than the depreciation costs of a diesel bus. The lower operational costs of a zero emission bus over a diesel bus would make this an attractive proposition to operators who might otherwise be unable to invest in new vehicles in the current climate.
26. Ensuring sufficient infrastructure is in place to support the investment in new cleaner vehicles is also vital. CPT has estimated the cost of upgrading a single depot at around £1.5 - £2m. There may also be additional supplier connection charges which vary from place to place.

Industry/government campaign to promote bus travel

27. During the height of the pandemic the Government asked people to only use public transport if absolutely necessary. This was to ensure that there was sufficient capacity for key workers and essential journeys. This message has been repeated in some local lockdown areas and has had a lasting effect on people's psyche when it comes to public transport, leaving some with the feeling that public transport is in some way 'unsafe'.

28. Even restrictions have eased, passenger numbers remain well below their pre-Covid levels and we do not expect numbers to return to pre-pandemic levels in the near to medium future. In a survey for CPT, of those that said they planned to use the bus less post-pandemic than before, nearly two-thirds of those said this was due to concerns around safety (in terms of Covid) and a quarter said they would switch to a car for those journeys.
29. We need Government to work with the industry on a campaign to promote both the safety and the benefits of bus travel. This should firmly assert the bus as a favourable option over the car. Whilst this needs to be an important part of the National Bus Strategy, this work needs to start in advance of that in order to secure the viability of bus networks. We believe that around £10m a year is required for this campaign.

Bus Recovery Partnerships

(i) The case for continuing the commercial model of bus service provision

30. During the Covid-19 pandemic bus operators and local authorities have worked incredibly well together to safeguard services and put passengers first. The industry has been agile in its response to rapidly changing circumstances, for example rolling out social distancing measures in less than a week; restoring service levels from less than 50% to over 75% in less than two weeks; duplicating services and standby vehicles to serve excess demand at peak times, including making sure that enough capacity was available to get children back to school in September. All this has been carried out working inclusively with local authorities, demonstrating the benefits of a partnership approach to bus service delivery.
31. Bus operators, government and bus passengers all want the same things - a joined up, integrated network, fast and reliable journeys, simple fares and ticketing and clean, well-equipped buses. Experience across the country shows that these outcomes are most effectively delivered where operators and local authorities work in partnership without council tax payers having to take on the risk and cost of council control. We have seen the results of such partnerships in places like Merseyside, whose Bus Alliance has seen a 15% increase in fare-paying passengers since 2013-14 and the number of bus journeys taken by young people rise by 168%, and Bristol's bus partnership which has seen passenger numbers grow by 52% since 2013.
32. A franchised model of bus service would have the following disadvantages:
- There are huge transitional costs involved, none of which deliver direct service improvements to bus passengers
 - The time taken to make the transition to franchising could be better spent delivering real improvements to bus services for passengers
 - A franchised model places all the risks associated with underwriting any shortfalls in fares income on the local authority and, ultimately, the taxpayer
 - It is in commercial bus operators' interests to continuously strive to improve the customer experience in order to increase passenger numbers and revenue
 - A commercial model maintains shared incentives to reduce the level of public subsidy going to operators so they are able to generate a profit
 - Private bus operators have the expertise and culture to effectively restore and grow bus markets

33. There are also concerns over the capacity of local authorities to take on this additional responsibility and any logjams created by extra bureaucracy would undermine the practical delivery of services. There would also be a serious risk that some of the money allocated for bus services by central Government would not be spent on bus, but would be reallocated for things such as light rail or to plug gaps in parking income.

(ii) Bus Recovery Partnerships

34. We recognise that the pandemic has had a huge and lasting impact on lifestyles, working patterns and travel patterns, all of which affect the bus network. As we exit the pandemic and move back to commercial operations, operators and local transport authorities (LTAs) will need to work together to evaluate what the network should look like going forward, not just to cater for existing demand but to deliver their ambitions for future bus travel.

35. Planning assumptions are that, when Government support for bus services in the form of CBSSG Restart comes to an end, passenger numbers are likely to be at around 80% of pre-Covid levels. This would leave around 20%-25% of the network commercially unviable in the short term. While reducing services may be appropriate in some circumstances, simply cutting all non-commercial services not only leaves those that rely on them at a severe disadvantage, going against social and economic inclusion goals, but also makes it incredibly difficult to grow passenger numbers in the longer term. Equally, leaving LTAs to deliver them through the traditional tendered route with no ambition to return the services to commercial operations places long term pressure on Government funds and increased pressure on already stretched LTAs.

36. The industry believes that, with strong partnership working between central government, local government and bus operators to deliver measures to encourage growth in passenger numbers, many of these services can become commercial again. Priority interventions should include in particular bus priority measures and a major, national promotional campaign, alongside revamping of existing networks to better serve changing travel patterns.

37. We therefore propose that, once CBSSG ends, LTAs and bus operators are required to join forces in new, agile Recovery Partnerships which will provide the local framework for agreeing the new network, the distribution of funding to support it in the short term and the rapid mobilisation of bus priority measures to sustain it for the long term. These partnerships need to be supported with short-term funding to prevent excessive reductions in local services and foster the growth of new services. We propose £500m in 2021, declining thereafter as networks become self-sufficient.

38. The agile partnerships we are proposing would be tailored to the specific needs of recovery after Covid-19. They can be established with minimum process and get to work quickly.

Conclusion

39. The measures set out in this paper will help to deliver the Government's priorities for a green economic recovery and social inclusion. Investment that improves bus journeys, encourages more people to travel by bus and reduces congestion and journey times will help to level up economic opportunity across the country as people feel confident to travel further to work, spreading opportunity and maximising productivity. Investment that enables the UK bus manufacturing industry to deliver zero emission buses will safeguard the Government's ambition for the UK to be a leader in the development of technologies that will support its net zero carbon ambition. Our proposals will enable the improvements in air quality and carbon dioxide emissions seen during

the pandemic to be captured for the long term. And this investment by Government will enable bus operators to also invest and further improve their services for passengers across the country.

Alison Edwards
Head of Policy
CPT