



CONFEDERATION OF PASSENGER TRANSPORT SEPTEMBER 2024 BUDGET SUBMISSION

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. 10.2 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 travel, with over 20 million journeys on the scheduled coach network in 2022 and rapid growth since.²

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

Introduction – Buses

1. Buses are the UK's most affordable, accessible and popular form of public transport and can help the Government deliver on its ambitions to grow our economy and reach net zero, whilst at the same time getting people to work, school, shops, health appointments and social and leisure activities.
2. Buses carry 10.2 million passengers each day³, and these people are driving the growth of local economies, spending almost £40 billion each year in shops, cafes, restaurants and leisure destinations⁴; and those who rely on the bus to get to work add around £72 billion a year to the economy⁵.
3. Bus operators directly employ 105,000 people and support the employment of a further 53,000 in the sector's supply chain – which in itself provides an £11

¹ [bus01.ods \(live.com\)](https://bus01.ods.live.com)

² Press statements from Flixbus, Megabus, Mobico

³ Annual Bus Statistics, DfT 2021-2022

⁴ KPMG "[The economic impact of local bus services](#)" September 2024

⁵ KPMG "[The economic impact of local bus services](#)" September 2024



billion boost to the economy each year, including tax, wages, investment and spend in the supply chain⁶.

4. Buses deliver a host of wider benefits for both passengers and local communities - including access to jobs, education and training worth £8.7bn, health benefits worth £2.8bn, support for volunteer work which are valued at over £1bn, and a reduction in congestion worth £600m per year⁷.
5. In addition, a typical package of public investment to improve infrastructure for buses and support better services, can generate returns of £4.55 for every £1 invested⁸.
6. Investment in buses is a cost-effective way to deliver Government policy.
7. We have set out below the key issues that we urge the Government to address in the Budget Statement and Spending Review to ensure that the bus and coach sector can help deliver the economic, social and environmental change our country needs.

Keep Fares Low

8. Bus has always been an affordable way to travel, particularly for regular commuters. In recent years, operators have built on this value with new ticketing options to cater for post pandemic travel patterns, and worked with Government to deliver the national £2 fare cap.
9. Recent research by KPMG analysed a number of alternatives to the fare cap, and all potential interventions to support fares were highlighted to be excellent value for money with high benefit/cost ratios of between 2 and 5.⁹
10. There are a wide range of trade-offs to consider as Government reviews the £350m+ annual investment into the fare cap, and it may be the case that the current universal £2 fare cap is too expensive to continue. In considering the balance between different policy goals such as net zero, economic growth and managing the cost of living, it is likely that there are better value for money ways of helping passengers.
11. We urge the Government to **work with the sector at pace on a plan for a transition away from the single fare cap incrementally from 1 January 2025** (after the current scheme ends on 31 December 2024).
12. Through operator data we have gathered, we estimate that a fare cap of £2.50 would cost between £175m - £210m to deliver per year. A six month cap

⁶ KPMG "[The economic impact of local bus services](#)"

⁷ KPMG "[The economic impact of local bus services](#)"

⁸ KPMG "[The economic impact of local bus services](#)"

⁹ KPMG "[Alternatives to the National Fare Cap](#)" 2024 Table 8



of £2.50 followed by a step up to a six month cap at £3 would cost even less, but would still lessen the shock to passengers of a full return to commercial fares across the country and continue to support the harder to deliver and thus more expensive bus services, for example in rural areas.

13. The overnight withdrawal of a £350m subsidy to passengers would have a huge impact for many on their ability and willingness to pay to travel by bus. The sector wants to build on the success of the fare cap (with the most recent data showing an 8% increase in bus travel (outside London) in 2023¹⁰) by working with the Government to implement **a gradual transition away from the universal cap to deliver a targeted fares intervention for young people that will support longer term modal shift and help young people access education and jobs.**

A Long Term Funding Settlement for Buses

14. The Government currently spends around £400m¹¹ per year on directly supporting bus services through payments to operators and councils via the Bus Services Operator Grant (BSOG), BSOG+ and BSIP+. This is a decline in both real and relative terms over the last 15 years; in 2009/10, BSOG funding alone was £424m, by 2023, this had fallen to £200m¹².
15. The current funding package ensures that bus services around the country can continue at current levels, with this funding enabling many routes to remain viable and available to those who rely on them. Despite a strong focus by bus operators on measures to drive patronage growth and reduce costs, without this funding support, the network would be commensurately smaller (or with commensurately higher fares unless a national fare cap remains in place).
16. It has long been recognised that BSOG keeps fares lower and service levels higher¹³, and when considering funding bus services, it is of note that the BCR (benefit/cost ratio) for BSOG funding is 3.7 - this represents very high value for money, in line with the top 10% of DfT funded projects in 2019¹⁴.
17. A lack of clarity over the existence and size of future funding streams undermines confidence and prevents operators and councils from investing in longer term service development. Conversely, a clear future stream of income will build confidence. It will enable, for example, operators and councils to develop new routes over a period of two or three years, giving them time to grow and become sustainable in a way which would not be possible within a single year.

¹⁰ [NTS 2023: Introduction and main findings - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/nts-2023-introduction-and-main-findings)

¹¹ This is made up of £250m total BSOG budget (split between bus operators and local authorities), BSOG+ at £70m a year and BSIP+ at £80m a year. It does not include LTA revenue funding allocated to bus services, 'standard' BSIP allocations or funding for zero emission vehicles

¹² UK Government Bus Statistic Tables [bus05ii.ods \(live.com\)](https://www.gov.uk/government/statistics/bus-statistics) (constant prices)

¹³ House of Commons Transport Committee (22 May 2019) [Bus Services in England outside London](https://www.parliament.uk/business/committees/committees-a-z/commons-select/transport-committee/written-evidence/2019-2020/20190522-bus-services-in-england-outside-london/): Ninth report of session 2017-19

¹⁴ KPMG "[The economic impact of local bus services](https://www.kpmg.com/au/issuesandinsights/articlespublications/the-economic-impact-of-local-bus-services)" – September 2024



18. We therefore urge the Government to provide the sector with clarity by **at least maintaining funding levels for 2025/26**, including BSOG+ and BSIP+ funding at current levels, and then providing the sector with a **five year settlement** (in line with the rail sector) from 2026/27 as part of the longer term Spending Review. This would provide bus operators and local transport authorities (LTAs) with the confidence to plan longer term bus investment whilst continuing to deliver good services for passengers.
19. In addition, operators in the North and Midlands require urgent clarity over the redirected HS2 funding that was committed to by the previous Government:
- I. £930m of HS2 funding that was redirected as Network North which was to be delivered through BSIPs to provide more buses, more frequent services and more buses to industrial estates and business parks
 - II. £4.7bn Local Transport Fund which was to be distributed from 2025 – 2032 to LTAs in the north and midlands that are not part of Combined Mayoral Authorities
 - III. £8.55bn of funding to be provided through City Region Sustainable Transport Settlements 2 Uplift (CRSTS2u) - which was to be distributed 2027/28 – 2030/31 to Combined Mayoral Authorities.
20. To follow this, the South should not miss out on the opportunity to invest in local buses. Frequent, fast, reliable buses are required by people all across the country to get to work, school, and to access essential services, this should not be a postcode lottery, so we are calling on this Government to rectify this as part of the Spending Review, and ensure that all areas of England have the same access to bus funding.
21. The Government should take the opportunity at this Budget and Spending Review to ensure that maximum value is reaped from the funding provided to LTAs for buses by giving LTAs clear direction through a **national commitment to increase bus speeds which is reflected in local targets that they are required to deliver against**.
22. Bus speeds are low, averaging 10.63 mph across Great Britain in February 2024. Speeds reflect both traffic conditions and passenger boarding/alighting times¹⁵.
23. If speeds could be increased by 10% by giving buses more priority, this would mean that every driver could become more productive and drive an additional 34 miles every week. Given that the bus sector across Great Britain employs around 84,000 drivers, this would allow operators to provide an additional 135 million miles of services each year at no extra cost.
24. This could be delivered as extended hours of operation, more weekend services, increased frequencies at busy times, or new routes. Alternatively, where changes to costs and revenues would otherwise make services unviable,

¹⁵ [CPT Cost Monitor](#) February 2024



forcing operators to withdraw them, efficiency increases like a 10% improvement in average speed could help maintain networks.¹⁶.

Transition to Zero Emission Buses

22. The most effective way of decarbonising road transport is to encourage a move away from private car use to greater use of public transport and active travel. As alluded to earlier in this submission, transport accounts for 24% of the UK's greenhouse gas emissions, of which cars account for 52%, with just 2% from buses and coaches¹⁷.
23. Most large bus operators already have their own zero emission targets in place meaning that, with the right Government support, from 2025 over two thirds of all new bus purchases in England will be zero emission.
24. Great progress is already being made with 2,554 ZEB registrations in 2023, an 82% increase compared with 2022. ZEB registrations grew to over 60% of all new registrations in 2023. This is compared to around 50% in 2021 and 2022¹⁸.
25. While we have made great strides in greening the bus fleet, a stop/start approach to funding has held back manufacturers' production plans and operators' purchasing decisions.
26. The transition to a zero emission fleet is an opportunity for Britain to lead the world in manufacturing, operating and engineering a zero emission bus network.
27. Government investment leverages private sector investment; the Government's recent ZEBRA funding scheme, for example, attracted around £2.50 of private investment for every £1 of central Government investment.
28. To ensure that operators can support the delivery of the Government's targets for transitioning to zero emission buses, future funding for zero emission buses and infrastructure should be long term and predictable and transition away from bidding rounds to give certainty to operators.
29. We urge the Government to announce **a five year £1billion investment programme to leverage more private sector investment in new vehicles and put us on track to a zero emission fleet by the middle of the next decade.**

¹⁶ [CPT Cost Monitor](#) February 2024

¹⁷ Transport and environment statistics 2022 - GOV.UK (www.gov.uk)

¹⁸ ZEMO Briefing



Fuel Duty

30. We understand that in the challenging fiscal environment the Government finds the country in, a rise in fuel duty may be something it has to consider.
31. If this is implemented in the correct way, it could encourage people to use their car less and public transport more – to this end, Government **should exempt buses and coaches from any rise in fuel duty** to ensure that there are no unintended consequences to this policy.
32. Recent analysis suggests that removing the temporary 5p cut in fuel duty and applying a 5p increase, together with VAT, would fill more than 25% of the £22 billion public finance gap, by raising £5.5 billion per year¹⁹.
33. Bus and coach contribute under 7% of fuel duty receipts²⁰ so exempting the category from any rise in fuel duty would mean that the forecast receipts (based on a rise of 10%), would only be around £385m less for 2025/26.
34. To put this £385m in context, the bus sector contributes over £11bn each year to the economy in taxes, wages and supply chain investment; the coach sector a further £6.3bn. Bus passengers spend almost £40 billion each year in shops, cafes, restaurants and leisure destinations, with coach passengers adding a further £8.3bn to this number²¹; and those who rely on the bus to get to work add around £72 billion a year to the economy²².
35. Taking nominally less in receipts by exempting bus and coach from a potential rise in fuel duty will ensure that the sector can continue to provide affordable, reliable transport options that continue to drive the growth of local economies.

Introduction – Coaches

36. Coaches connect thousands of places which cannot be served by any other form of public transport and take 6 million people²³ on 475 million journeys each year²⁴ driving the economic, environmental and social benefits including:
- Contributing £6.3bn to the UK economy
 - Coach users spending £8.2bn a year in local economies
 - The coach sector generating almost £1.6bn in wages each year
 - Coach users spending £5.3bn each year at tourist destinations²⁵

19 [Fuel duty may rise in October Budget | MoneyWeek](#)

20 [OBR supplementary forecast information release: fuel duty receipts by vehicle type](#)

21 KPMG "[The economic impact of local bus services](#)" – September 2024

22 KPMG "[The economic impact of local bus services](#)" – September 2024

23 YouGov polling for CPT, 2020

24 Forthcoming KPMG report "The economic impact of coach services" October 2024

25 Forthcoming KPMG report "The economic impact of coach services" October 2024



- Great value inter-city travel, with over 20 million journeys on the scheduled coach network in 2022 and rapid growth since;²⁶
- Getting 600,000 children to school every day;²⁷
- Offering door-to-door travel to tens of thousands of passengers who would otherwise struggle to enjoy days out and short breaks; and
- Stepping in when rail and other transport services are unavailable, often with little or no notice.

37. The coach sector directly employs some 54,000 people²⁸, mostly in family or individually owned businesses which account for 80% of the nation's stock of coach businesses.²⁹

38. The future of the sector's huge contribution to British life depends on maintaining easy and fair access to all the places passengers want to get to and a fair deal for the sector when it is called on to deliver wider policy aims.

Fair Access to Clean Air Zones and Upgrading of Engines

39. Carbon emissions of modern coaches are six times lower per passenger than private car travel, yet coaches are always the first mode of transport to be charged to operate in a Clean Air Zone, and operators seeking support to upgrade their engines to modern standards face a postcode lottery of local funding schemes.

40. A better approach would be to recognise the air pollution benefits that coach travel can bring and maximise the role of coaches. The Government should **create a new class of Clean Air Zone which enables councils to charge vehicles with a heavier pollution footprint while exempting coaches. It should also establish a national fund to support operators with upgrading their engines** – the estimated cost of £75m to update 5,000 coaches will be reduced still further if councils are enabled to exempt coaches from charges.

Transition to Zero Emission Coach Travel

41. Coach is already the greenest way of travelling across the country with lower greenhouse gas emissions per passenger than any other mode, including electric cars.³⁰ The industry would like to go further though, and has started the long journey to a zero emission fleet.

42. As the work of CPT's Zero Emission Coach Taskforce has shown there are significant barriers which need to be addressed before substantial change can be achieved.

²⁶ Press statements from Flixbus, Megabus, Mobico

²⁷ CPT research 2020

²⁸ Forthcoming KPMG report "The economic impact of coach services" October 2024

²⁹ CPT research 2020

³⁰ Department for Transport, *Transport and Environment Statistics 2023*



43. The Government should therefore **publish a net zero strategy for coaches, including key dates and measures.** This strategy should include:

- Government investment in zero emission refuelling and recharging infrastructure suitable for coaches across the Strategic Road Network;
- Government investment in research and development to develop vehicles with longer ranges, including as part of the UK's Hydrogen Strategy and Industrial Strategy; and
- An interim fuel duty incentive for low carbon fuels so that coach operators can run the cleanest fleet possible while waiting for zero emission operations to become viable; this incentive would save up to 7m tonnes of carbon dioxide emissions from the tailpipe – even more if well to wheel emissions are considered.

Summary and conclusion:

As we have outlined above, buses and coaches are vital to local economies, for social inclusion, access to work, education, healthcare, and social and leisure opportunities; they are also an effective and fair way of working towards net zero targets and driving the growth of local economies. We would like to see Government recognising, through the Budget Statement and Spending Review, the important role of buses and coaches in the following ways:

- Work with the sector at pace on a plan for a transition away from the single fare cap incrementally from January 2025, then work with CPT and operators to deliver a targeted fares intervention for young people that will support longer term modal shift and help young people access education and jobs;**
- Maintain funding for 2025/26, including BSOG+ and BSIP+ at current levels, and then provide the sector with a five year settlement (in line with the rail sector) from 2026/27 as part of the longer term Spending Review;**
- Provide urgent clarity over the redirected HS2 funding that was going to be redirected through Network North, CRSTS2 uplift and LTF;**
- Announce a five year £1 billion investment programme to leverage more private sector investment in new vehicles;**
- The exemption of buses and coaches from any rise in fuel duty;**
- The creation a new class of Clean Air Zone which enables councils to charge vehicles with a heavier pollution footprint while exempting coaches and the establishment of a national fund to support operators to upgrade their engines;**
- Publish a net zero strategy for coaches, including key dates and measures. This strategy should include:**
 - **Government investment in zero emission refuelling and recharging infrastructure suitable for coaches across the Strategic Road Network;**



Driving the industry forward for 50 years

- **Government investment in research and development to develop vehicles with longer ranges, including as part of the UK's Hydrogen Strategy and Industrial Strategy; and**
- **An interim fuel duty incentive for low carbon fuels so that coach operators can run the cleanest fleet possible while waiting for zero emission operations to become viable; this incentive would save up to 7m tonnes of carbon dioxide emissions from the tailpipe – even more if well to wheel emissions are considered.**

We look forward to working closely with the Government to make the above a reality and to ensure that the country's most affordable, accessible and popular form of public transport continues to deliver against the Government's ambitions to grow the economy, break down barriers to opportunity, support people into work, bring down carbon emissions, accelerate net zero, and build a modern transport system.

We would of course be happy to meet with officials to discuss or expand on any aspect of our submission.

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