



## CONFEDERATION OF PASSENGER TRANSPORT SUBMISSION TO RAIL AND URBAN TRANSPORT REVIEW CALL FOR EVIDENCE

### 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 900 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 and 10.2 million journeys a day<sup>1</sup> are made by bus in England to get passengers to work, education and to access essential services.

The sector is ideally placed to help the Government deliver on key priorities such as helping people with the cost of living, economic growth, levelling up, air quality, combatting social exclusion, and achieving net zero carbon.

### Growth opportunity through unlocking planning

#### **1. What do you view as the current key challenges hindering the delivery of rail and urban transport networks and infrastructure?**

Buses are the UK's most affordable, accessible and popular form of public transport and can help the Government deliver on its ambitions to level up our communities, grow our economy and reach net zero, whilst at the same time getting people to work, school, shops, health appointments and social & leisure activities.

Slow buses cost us all, they increase operating costs for operators, soaking up money which could be invested in more services, waste bus passengers' time, and deter others from taking the bus at all. After decades of decline

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<sup>1</sup> DfT Bus Statistics [bus01.ods \(live.com\)](https://bus01.ods.live.com)



by an average of 1% per year, the average bus now travels at just 10.7 miles per hour<sup>2</sup>, and much more slowly in congested urban areas.

Reversing the trend is possible and would be transformational. Research shows that a 10% increase in bus speeds – to just under 12 miles per hour on average – could increase passenger numbers by 2.5% and reduce operating costs by 8% or up to £250m per year<sup>3</sup>; a cost saving which operators will work with councils to reinvest in local services. It also has the potential to save the average household £400 a year in transport spending<sup>4</sup>.

The most significant single policy measure that can make improvements for passengers is to tackle congestion. This would shorten journey times, making travelling by bus more attractive, which would increase passenger numbers and fare revenue.

At the same time, costs would fall as fewer vehicles and drivers would be needed to maintain services at the same frequency. This would mean services are economically viable at a lower fare level, again improving demand and taking more cars off the road.

We are calling on the next Government to set and monitor a target for all local transport authorities to increase bus speeds by 10% over the lifetime of the next parliament.

Councils in the north and midlands will be able to use existing capital funding streams provided to them following the reconfiguration of the HS2 budget last year to invest in bus priority measures which offer immediate customer benefit – a long lasting impact and great value for money, The next Government should ensure that southern councils also have access to capital funding to deliver bus priority in their areas.

The south should not miss out on the opportunity to invest in local buses due to a knock on effect of a decision taken in another part of the transport sector. 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 based on the cancelled HS2 route.

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<sup>2</sup> CPT, Bus Industry Costs in 2023

<sup>3</sup> Social Market Foundation, "Getting the measure of transport poverty"

<sup>4</sup> Social Market Foundation, "Getting the measure of transport poverty"

[Getting the measure of transport poverty: Understanding and responding to the UK's hidden crisis - Social Market Foundation. \(smf.co.uk\)](https://www.smf.co.uk/publications/getting-the-measure-of-transport-poverty-understanding-and-responding-to-the-uk-s-hidden-crisis-social-market-foundation)



Operators and Local Transport Authorities (LTAs) also require long term funding certainty in order to make long terms decisions, which is why we are calling for a 5 year funding settlement for buses.

The Government currently spends around £400m<sup>5</sup> per year on directly supporting bus services, through payments to operators and councils. Whilst the numerous funding settlements over the last few years have all been welcome, 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 2-3 years giving them time to grow and become sustainable in a way which would not be possible within a single year.

We therefore are asking that the next Government provides the bus sector with a five year settlement (in line with the rail sector) which would provide bus operators and LTAs with the confidence to plan longer term bus investment whilst continuing to deliver good services for passengers.

## **2. What spatial planning and associated policy and legislative changes would help unlock the delivery of rail and urban transport projects?**

### **Local Transport Plans:**

Too many Local Transport Plans (LTPs) fail to recognise the importance of coaches and their potential role in alleviating congestion, improving air quality, and supporting economic activity. At best, many simply consider access for long distance scheduled services to bus and coach stations. Coaches provide a sustainable means of access and mobility in exactly the same way that other forms of mass transit do. Coaches can deliver high spend visitors in a way which minimises congestion and minimises emissions.

They provide a good value alternative to trains, cars and air, reducing social exclusion and opening up opportunities for leisure and tourism across the income spectrum.

We are calling on the next Government to impose a statutory duty on local transport authorities to collect data on the current and potential coach market and require authorities to consider in their LTPs appropriate drop-off/pick-up and parking facilities for the scale and range of coach

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<sup>5</sup> 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.



operations, scheduled and non-scheduled, serving their area. Local authorities should be guided to ensure that bus priority measures are available to coaches unless there is a specific reason to exclude them and to provide clear information about coach facilities.

### **Clean Air Zones:**

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.

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.

### **3. Are there best practice or wider international examples that could be adopted to support growth through unlocking transport network and infrastructure delivery?**

There are a number of LTAs, for example Leicester, where they have shown real commitment to working with operators to deliver better bus services. Examples like this shows what can be done in partnership if both parties are committed.

This is why we believe that the next Government should incentivise LTAs to have targets to increase bus speeds; and that there is a clear definition of socially and economically necessary bus services set out in legislation.

### **Clarity and certainty of policy and funding**

### **4. What are the key tenets of a successful, strategic long term policy for the delivery of rail and urban transport networks, taking into account wider decarbonisation and transport integration goals?**



### A Long Term Funding Settlement for Buses

The Government currently spends around £400m per year<sup>6</sup> on directly supporting bus services, through payments to operators and councils. Whilst the numerous funding settlements over the last few years have all been welcome, 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 and encourage operators to invest in their fleet and enable, for example, operators and councils to develop new routes over a period of 2-3 years giving them time to grow and become sustainable in a way which would not be possible within a single year.

We believe that if the next Government provides the sector with a five year settlement (in line with the rail sector) this would help to deliver a successful, strategic long term policy for the delivery of urban bus networks.

### Transition to Zero Emission Buses

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 coaches<sup>7</sup>.

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.

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. 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.

Government investment leverages private sector investment; the Government's recent ZEBRA funding scheme, for example, attracted around £1.20 of private investment for every £1 of central Government investment.

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<sup>6</sup> 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.

<sup>7</sup> Transport and environment statistics 2022 - GOV.UK ([www.gov.uk](http://www.gov.uk))



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.

We are calling on the next Government to announce a five year £1 billion 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.

### Transition to Zero Emission Coach Travel

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.<sup>8</sup> The industry would like to go further though, and has started the long journey to a zero emission fleet. 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.

We believe the next 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
- An interim fuel duty incentive for low carbon fuels so that coach operators can run the cleanest fleet possible while waiting for zero emission operation to become viable – at a total cost of £14m over the next Parliament this incentive would save up to 6.9 tonnes of carbon dioxide emissions from the tailpipe – even more if well-to-wheel savings are considered.

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<sup>8</sup> Department for Transport, *Transport and Environment Statistics 2023*



## **5. What reforms to current transport funding approaches would support the safeguarding and expansion of rail and urban transport networks and infrastructure?**

The Government currently spends around £400m per year<sup>9</sup> on directly supporting bus services, through payments to operators and councils. Whilst the numerous funding settlements over the last few years have all been welcome, 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 2-3 years giving them time to grow and become sustainable in a way which would not be possible within a single year.

We therefore believe the Government should provide the sector with a five year settlement (in line with the rail sector) which would provide bus operators and local transport authorities with the confidence to plan longer term bus investment whilst continuing to deliver good services for passengers.

## **6. What mechanisms are available to facilitate effective public/private relationships and funding?**

As described above, a long term funding agreement would give certainty to bus operators and would enable them to confidently invest in the bus network.

This is also the case with the move to Zero Emission Buses. 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. 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.

Government investment leverages private sector investment; the Government's recent ZEBRA funding scheme, for example, attracted around £1.20 of private investment for every £1 of central Government investment.

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To enable operators to invest, 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.

We would like to see the next Government to announce a five year £1 billion 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.

Although there is evidence that LTAs and bus operators can work in partnership to achieve successful outcomes, LTAs needs to be committed to implementing bold pro bus policies, and central Government can help with this by setting out in legislation targets to increase bus speeds; and a clear definition of socially and economically necessary bus services.

## **7. What role does the maintenance of existing transport assets play in harnessing growth and how could the current approach be improved?**

Buses carry 10.2 million passengers each day<sup>10</sup>, and these people drive local economies, spending £9.2bn a year in town and city centres while at work; £13bn on leisure activities and £18.7bn at the shops; previous research has estimated that bus commuters add around £64bn a year to the economy<sup>11</sup>.

Research suggests that every £1 invested in buses can deliver £4.48 of wider benefits to society, including:

- Benefits to passengers through improved service quality and fares
- Benefits to the wider community through reduced congestion, improved air quality, lower greenhouse gas emissions, noise and improved transport safety
- Wider economic benefits from increased employment and productivity
- Increased participation in education, volunteering and other social activities leading to improvements in mental and physical wellbeing
- Aiding economic growth by linking communities with job opportunities<sup>12</sup>.

Investment in buses is a cost effective way to deliver Government policy, and investment in bus priority measures is the best way to improve the bus network.

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<sup>10</sup> DfT Annual Bus Statistics [bus01.ods \(live.com\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/bus01.ods)

<sup>11</sup> CPT Opinion Survey 2023

<sup>12</sup> KPMG report <https://www.cpt-uk.org/media/oo5kczge/greener-journeys-maximising-the-benefits-of-local-bus-services.pdf>





Research shows that a 10% increase in bus speeds – to just under 12 miles per hour on average – could increase passenger numbers by 2.5% and reduce operating costs by 8% or up to £250m per year<sup>13</sup>; a cost saving which operators will work with councils to reinvest in local services. It also has the potential to save the average household £400 a year in transport spending<sup>14</sup>.

We are calling on the next Government to set and monitor a target for all local transport authorities to increase bus speeds by 10% over the lifetime of the next parliament.

Councils in the north and midlands will be able to use existing capital funding streams provided to them following the reconfiguration of the HS2 budget last year to invest in bus priority measures which offer immediate customer benefit, a long lasting impact and great value for money. The Government should ensure that southern councils also have access to capital funding to deliver bus priority in their areas.

The south should not miss out on the opportunity to invest in local buses due to a knock on effect of a decision taken in another part of the transport sector. 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 based on the cancelled HS2 route.

### **Devolution and sustainable partnerships**

#### **8. What role does devolution have in supporting and accelerating the delivery of rail and urban transport networks and infrastructure fit for the future?**

The bus and coach sector already work closely with LTAs and look forward to continuing to do so.

Not one size fits all and there will be different solutions for different areas, and a range of delivery models that can provide even greater local control.

But regardless of the delivery model used, passengers want fast and reliable journey times, investment in clean and well-equipped buses and competitive pricing.

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<sup>13</sup> Social Market Foundation, "Getting the measure of transport poverty"

<sup>14</sup> Social Market Foundation, "Getting the measure of transport poverty"



These goals are best delivered with a sustainable funding platform from Government that enables operators and local authorities to unleash a package of policies that include low fares and bus priorities measures, to remove barriers that prevent buses from being successful and more attractive to passengers.

The most significant single policy measure that can make improvements for passengers is to tackle congestion. This would shorten journey times, making travelling by bus more attractive, thus increasing passenger numbers and fare revenue.

At the same time, costs would fall as fewer vehicles and drivers would be needed to maintain services at the same frequency. This would mean services are economically viable at a lower fare level, again improving demand and taking more cars off the road.

The challenges and risks associated with the delivery of bus services are the same, regardless of the delivery model adopted.

Devolution provides local decision makers with the opportunity to make bold pro bus policy measures that will grow and strengthen the bus network.

**9. How can effective relationships be facilitated between all tiers of government, to help accelerate growth and deliver rail and urban transport networks and infrastructure?**

A clear strategy is required from the next government that has been delivered at local level, with clear levels of accountability.

**10. How can the capacity of public bodies be enhanced to effectively partner procure and deliver urban transport and rail networks and infrastructure and provide value for money?**

N/A

**Private Sector and Industry Capacity**

**11. How can effective private sector investment be best leveraged in the long term to unlock growth?**

Please refer to the answer to Q4.

**12. What can be done to build resilient and efficient supply chains and necessary skills to accelerate infrastructure delivery and maximise value/job creation to local communities?**



Despite record levels of recruitment and record investment in training and apprenticeships, staff shortages remain persistent across the bus and coach industry with almost 7% of bus driver and 14% of coach driver roles currently vacant<sup>15</sup>.

The shortages of drivers and engineers are already a brake on growth and could hold back the industry from delivering the potential outlined elsewhere in our plan.

The industry will continue to focus on recruiting and retaining a skilled, diverse workforce fit for the opportunities of growth and the transition to zero emission operation. Government can help in a variety of ways, for example by removing red tape, endorsing and amplifying our campaigns, working with us to reform apprenticeships, and ensuring Jobcentres across the country work with local operators.

The next Government should put its full support behind an industry-led strategy to develop the workforce the sector needs to grow and to prepare for the zero emission future.

### **13. How to best harness the benefits and be adaptable to future technological trends in the sector?**

Whilst both bus and coach already provide sustainable travel options, operators recognise that the future lies with zero emission vehicles and are committed to making the transition.

Large bus operators have voluntarily put in place their own targets for transitioning their fleets to zero emission and we predict that by 2025, over two thirds of all new bus purchases in England will be zero emission, provided sufficient Government funding continues to be available.

Whilst coaches are further behind on their journey towards zero emission, nonetheless they too recognise the importance of transitioning their coach fleet and have already started investing in zero emission technologies, despite the multiple challenges and uncertainties.

However, transitioning fleets is only part of the journey to net zero, bus and coach operators also require a network of robust and reliable zero emission recharging and refuelling infrastructure to ensure they can continue to deliver the vital services they provide connecting people to education, employment, medical appointments and reducing social isolation.

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<sup>15</sup> CPT Driver Survey



We therefore encourage all LTAs to engage with local bus operators, and coach operators that regularly travel to their area, to ensure that the supporting infrastructure is in place to support the future zero emission vehicles, and ensure environmental benefits are delivered.

### Conclusion:

Buses are the UK's most affordable, accessible and popular form of public transport, and vital for connectivity within and between the UK's key urban areas.

We have highlighted above, there are a number of areas where the next Government could support and invest in the sector, and illustrated why this makes sense, with research suggesting that every £1 invested in buses can deliver £4.48 of wider benefits to society. Investment in buses is a cost effective way to deliver Government policy.

We thank you for the opportunity to contribute to this Review, and look forward to expanding on any of the above at our meeting next week.

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