



CONFEDERATION OF PASSENGER TRANSPORT 2023 AUTUMN 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 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 10.6 million¹ journeys a day 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.

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 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.
2. Buses carry 10.6 million passengers each day², 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 shops³; previous research has estimated that bus commuters add around £64bn a year to the economy.⁴
3. In relation to levelling up, with 40% of low income households and more than three quarters of job seekers having no access to a car⁵, buses are essential for social inclusion and access to better employment opportunities.

¹ Annual Bus Statistics, DfT 2021-2022

² Annual Bus Statistics, DfT 2021-2022

³ CPT and Opinium Polling 2023

⁴ Buses and Economic Growth, University of Leeds, 2012

4. Low income households use the bus over three times more a year than those from high income households⁶, and research has found improvements in local bus connectivity to be associated with a decrease in social deprivation.⁷
5. When considering net zero, transport accounts for 24% of the UK's greenhouse gas emissions, of which cars account for 52%, **with just 2% from buses and coaches**.⁸ In addition, with one fully loaded double decker bus is able to take up to 75 cars off the road⁹; getting people out of their cars and onto the bus is the quickest and fairest way of reducing carbon emissions from transport.
6. And this does not need to mean radical anti car policies - if we all took the bus instead of the car just twice a month, by 2050 this would reduce the amount of carbon dioxide going into the atmosphere by 15.8 million tons, which equates to the total emissions of the North East in 2019¹⁰.
7. Modelling suggests that this small modal shift to bus could also lead to reductions in air quality pollution valued at £28 million, enough to pay for 800 nurses for a year, £14.9 billion of health benefits, enough to build 33 new hospitals, and reductions in congestion valued at £29.4 billion, more than the Gross Domestic Product of Manchester in 2019.¹¹
8. 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, healthcare and other social activities leading to improvements in mental and physical wellbeing
 - Aiding economic growth by linking communities with job opportunities.¹²

9. Investment in buses is a cost effective way to deliver government policy.

10. We have set out below the key issues that we urge the Government to address in the Autumn Statement to ensure that the bus and coach sector can deliver the economic, social and environmental change our country needs.

⁶ National Travel Survey [nts0705.ods \(live.com\)](https://www.nts0705.ods.live.com)

⁷ Greener Journeys (2016) The Value of the Bus to Society

⁸ [Transport and environment statistics 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/transport-and-environment-statistics-2022)

⁹ [Greener Vision Congestion is not just a drag on the economy, it kills. \(greener-vision.com\)](https://www.greener-vision.com/greener-vision/congestion-is-not-just-a-drag-on-the-economy-it-kills)

¹⁰ The Decarbonisation Dividend WPI Economics 2022

¹¹ The Decarbonisation Dividend WPI Economics 2022

A Long Term Funding Settlement for Buses

11. We welcomed the 21 month funding settlement that Government confirmed this year.
12. However, the sector requires a five year settlement (in line with the rail sector) that will provide bus operators and local transport authorities with the confidence to plan longer term bus investment whilst continuing to deliver good services for passengers.
13. Higher government investment allows bus operators and local authorities to deliver better networks and lower fares. To illustrate the outcomes achieved by different funding levels, £400m adjusted for inflation¹³, would enable operators and local authorities to continue to provide broadly the same level of network as is currently in place. More funding could enable a combination of more comprehensive networks, increased frequency of services and lower fares, whilst less would see some contraction of the network and/or reduced frequencies.
14. We have also welcomed the additional £930m BSIP funding provided for areas of the North and Midlands last week following the reconfiguration of the HS2 budget, but this needs to be matched across the country. Levelling up communities should not be discriminatory - people in Harlow¹⁴ and Milton Keynes¹⁵ should have the opportunity to access vital services through a strong bus network the same way people in Harrogate where the average income is significantly higher.¹⁶¹⁷
15. 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.
16. The equivalent per capita investment for the East and South of England would amount to around £750m. It would be for local transport authorities, working with bus operators in enhanced partnerships, to decide how best to spend this money but, as an illustration, it could fund up to an additional 300 million km of bus journeys over five years (a 12% increase in mileage across the three regions). The economic return of this investment could be as much as £3.36bn

¹³ 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.

¹⁴ average income £18,500

¹⁵ average income £22,000

¹⁶ [Regional gross disposable household income: local authorities by ITL1 region - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

¹⁷ [Income estimates for small areas, England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)



including a £1 billion boost for local labour markets as accessibility is improved.¹⁸

Improve Bus Speeds by 10%

17. Nationally, bus speeds fell by 3.1% in 2018/2019 when compared with data from 2014/2015, which led to a 2.4% increase in the number buses required. If this was applied across the whole English fleet, this would equate to 574 additional vehicles, costing £120.5 million.
18. A 10% increase in bus speeds could increase passenger demand by 2.5% and reduce operating costs by 8%, as well as delivering huge benefits for accessibility, economic efficiency and the environment.
19. 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.
20. 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.
21. Local Transport Authorities should be given clear direction through a national commitment to increase bus speeds which is reflected in local targets that they are required to deliver against.

Socially and Economically Necessary Services

22. Buses play a vital role in economic prosperity and development in local areas, social inclusion for communities, social mobility for young people, and in providing access to healthcare for elderly, disabled and chronically ill people.
23. Transport poverty and transport deserts should not exist, everyone regardless of where they live and what they earn should have access to buses to ensure they can access better work opportunities, healthcare, education and leisure & social activities. We believe that Socially and Economically Necessary Services should therefore be put on a Statutory footing.
24. Local Transport Authorities being legally required to provide these services would ensure the long term security of many bus routes that are vital for communities, particularly in rural and hard to reach areas.
25. CPT will be conducting research in 2024 to develop guidelines on how stakeholders might work together to deliver better bus services in some of our

¹⁸ <https://www.cpt-uk.org/media/005kczge/greener-journeys-maximising-the-benefits-of-local-bus-services.pdf>



more remote locations. Government could assist with this by immediately publishing the long awaited Guidance on Socially and Economically Necessary Services, and then move to legislate this on an early date.

Transition to Zero Emission Buses

26. 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.
27. Whilst zero emission buses will play a role in reducing transport emissions, encouraging people out of cars and onto the bus/coach will deliver significant carbon reductions and will improve the business case to enable operators to invest. This reinforces the need to ensure support for zero emission vehicles and infrastructure is backed up by measures to move journeys from car to bus.
28. Nonetheless, the industry recognises the future of road transport is with zero emission vehicles and remains committed to transitioning to zero emission buses as quickly as practicable, with the correct government support.
29. 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.
30. 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.
31. CPT has considered the whole life costs of a zero emission bus versus a diesel bus and there are a range of factors that mean that there is not yet a clear business case for replacing diesel buses with zero emission, including:
 - price volatility in the energy markets
 - small rural depots that lack space for EV charging infrastructure, and may be some distance from a grid connection
 - smaller operators might lease their depot which is a further constraint on implementation of charging infrastructure
 - smaller fleet size can reduce economies of scale
 - rural bus routes are often longer and hillier and so may exceed the range of an electric vehicle, meaning they cannot be replaced on a 1:1 basis without opportunity charging installed on route, further increasing costs
 - whilst hydrogen delivers greater range, there are additional challenges over the required infrastructure and concerns over the cost and uncertainty of the supply of hydrogen.

32. We very much welcome the recent announcement of ZEBRA 2 funding, but the above reinforces the need to develop a long term plan to support the transition to zero emission buses. This should include both funding to help bridge the gap between the cost of a diesel bus and a zero emission bus, and the associated infrastructure. We estimate that around £200m a year on top of the investment that operators will make renewing their fleets could help to enable all new vehicle purchases¹⁹ to be zero emission, leading to a fully zero emission bus fleet by 2034.
33. To ensure everyone can benefit from this transformation, Government's plan should also include measures to support the transition in rural areas. These measures will be set out in a report by CPT's Rural Zero Emission Bus Taskforce in early 2024 but are likely to include investment in research and development to develop vehicles with longer ranges, including as part of the UK's Hydrogen Strategy and Industrial Strategy.
34. In return, the industry's own investment in zero emission vehicles will exceed that of Government – the Government's current zero emission bus scheme funds 75% of the cost difference between a diesel and zero emission bus, meaning that as operators replace their fleet, they pay 125% of the purchase price of a diesel bus.
35. We understand that the Local Integrated Transport Settlements announced by the Prime Minister last week are due to be available from April 2025. If this welcome funding could be accelerated to enable bids to be submitted for ZEBRA 2, it would go a long way to assisting the sector in its journey to towards zero emission.
36. With the right support from Government, the transition to zero emission vehicles provides an opportunity for continued large scale investment in British firms and the technologies of the future.
37. The bus industry is a major employer, with an estimated 95,000 FTE staff²⁰ employed by local bus operators in England and the supply chain supporting a further 83,000 jobs.²¹ The UK is a world leader in the technology and manufacturing of buses, particularly double deck vehicles, with 80% of urban buses sold in the UK built here.²² Manufacturing is concentrated in Falkirk, Ballymena, Sherburn-in-Elmet, Scarborough and Guildford.
38. Bus manufacturers have a key role to play in supporting the UK economy by continuing to develop innovative new products including the next generation zero emission buses (for use both within the UK and export).

¹⁹ In England outside of London

²⁰ for Transport (November 2021) *Annual Bus Statistics: England 2020/21*

²¹ Mackie, P. Laird, J and Johnson, D. (2012) *Buses and the Economy*, Institute for Transport Studies, University of Leeds

²² *Improving Air Quality in Towns and Cities: Why buses are an integral part of the solution*



Coaches

39. Coaches provide an environmentally sustainable transport option, and are vital for many who might otherwise struggle to travel. They help people access education, combat social exclusion, and support the UK's tourism industry. They also step in when other transport modes fail, providing rail replacement services and aviation support.
40. Despite this, the value of coach travel and the benefits it can provide for reducing air pollution and traffic are not always recognised. Coach travel to visitor attractions is frequently hampered by poor access, lack of suitable drop-off/pick up points, lack of coach parking and general coach facilities.
41. We urge the Government to consider the following in the Autumn Statement to ensure that the coach sector can continue to grow and contribute to the health of the economy:
42. Ensure that proposals for Clean Air Zones and Low Emission Zones recognise the important role that coaches play in providing clean, sustainable travel which assists, rather than hinders, the achievement of clean air targets by:
- creating a new class of Clean Air Zone/Low Emission Zone that enables cars to be charged or banned without also targeting coaches and buses
 - where coaches are captured by CAZ/LEZ requirements, support them in meeting the required standard through a national clean air fund to support coach operators' investment in new, or retrofitted, vehicles. We estimate that £75 million would provide enough support to retrofit all the 5,000 Euro IV and V coaches currently registered in the UK which are well suited for retrofit.
43. The coach industry recognises that the future of road transport is zero emission but there are a number of obstacles that need to be overcome for coaches to make this transition, as identified by CPT's Zero Emission Coach Taskforce.
44. We request that the Government provide clarity over its 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
 - The introduction of a fuel duty incentive for low carbon fuels that recognises the savings in greenhouse gas (GHG) emissions to enable coach operators to reduce their emissions whilst the sector waits for zero emission vehicles to become more viable. For example a company running on 100% HVO, which delivers 90% GHG savings, would receive a 14ppl discount, whereas if they were running on a 20% blend, they

would receive a 4ppl discount. This would help incentivise operators to use the lowest carbon option available and help offset the loss of energy intensity.

Summary and conclusion:

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

- **Announcing a longer, five year funding commitment for the sector to provide LTAs and operators with the confidence required to invest in bus networks**
- **Commit to increasing the speed of buses by 10% over the next 5 years, which would then be reflected in local targets and BSIPs, backed by fair and sufficient funding across the country, keeping buses out of congestion and ensuring that passengers have fast and reliable journeys no matter where they live²³**
- **Immediately publish the long awaited Guidelines on Socially and Economically Necessary Services, with a view to legislating for this in the near future**
- **Confirm future funding for zero emission buses and infrastructure that is long term and predictable, and transition away from bidding rounds to give certainty to operators; we estimate that around £200m a year of Government funding is required to enable all new vehicle purchase**
- **Accelerate the Local Integrated Transport Settlements to enable these funds to be used to submit bids for ZEBRA 2**
- **Provide a clear strategy with key dates and supportive measures that will enable the coach sector to decarbonise, including investment in developing a robust zero emission infrastructure network to support longer distance services**
- **Introduce a fuel duty incentive for low carbon fuels to enable coach operators to reduce their emissions whilst the sector waits for zero emission vehicles to become more viable.**

46. We look forward to working closely with 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

²³ Evidence shows that passengers want fast, reliable bus services, and that delivering these requires measures which put the bus first on our roads, keeping them out of congestion. Modelling suggests that increasing bus operating speeds by 1% per annum between 2024 and 2030 would see operating costs fall by 5.4% and demand increase by 2.3%. Reductions in operating costs enable operators to invest further in buses, for example in more frequent services, low fares, new vehicles, all of which can further attract more passengers (2FM February 2022 *Funding the Future: Revenue Funding for Bus Services and Bus Passengers – Final report to Confederation of Passenger Transport*)



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.

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

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