

Supporting local authorities to improve local bus use and expand zero emission bus provision

Campaign for Better Transport report for UK100

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September 2021



Overview:

This report examines local authorities' views on the aim of the Government's *Bus Back Better* strategy to support local authorities to improve and increase bus services and zero emission buses (ZEB), as well as the structural and institutional barriers that prevent them from taking further action.¹

It reflects on what to include in the Local Authority Toolkit – announced in the Government's Transport Decarbonisation Plan (TDP) – to overcome some of the obstacles identified. The key findings:

- Local transport authorities' capacity and capability to deliver on Government strategy vary significantly. ZEBs are only on the agenda for large, urban authorities, while smaller and more rural authorities have operational concerns
- There is lack of clarity about how local zero emission vehicle standards would be enforced or delivered in those local authorities with enhanced partnerships (EP)
- Uncertainty about funding cycles has made local authorities postpone investment decisions - there is a need to restructure how public transport provision is financed
- Many local transport authorities (LTAs) are unsure of how best to support the increased adoption of ZEBs - there are big gaps in LTAs' understanding of how to drive investment in electric vehicle (EV) charging infrastructure, and how to engage in fleet management with operators
- The Bus Centre of Excellence (BCoE) and Local Authority Toolkit need to provide clarity and help remove these barriers to action.

¹ - The insight was derived from interviews with local leaders from local authorities of different types, sizes and geographical areas, as well as focus groups with a range of experts and stakeholders



Introduction:

The UK Government's TDP acknowledged that alongside shifting to cleaner vehicles and investing in walking and cycling infrastructure, public transport has a fundamental role to play in reaching Net Zero. As the main form of public transport – more than twice as many journeys are made by bus as on rail – increasing local bus use is central to achieving this objective. A fully loaded double decker bus can take 75 cars off the road, so the potential is significant. The National Bus Strategy for England, *Bus Back Better*, recognises this potential.²

However, bus use in England has been in decline. In the last ten years, passenger journeys on local bus services in England outside London declined by 17%,³ while car use and ownership increased by similar proportions.⁴ At the same time, there have been significant year-on-year reductions to the local authority funding for bus services in England outside London, with a 43% real-term reduction between 2009/10 and 2018/19, leading to the partial or complete withdrawal of over 3,000 local authority supported bus services.⁵ The less frequent and convenient services became, the fewer people used them, leading to further fare increases and cuts in provision, perpetuating a cycle of decline.

Bus Back Better aims to reverse this decline by giving LTAs – who are responsible for overseeing local bus services outside London – greater responsibility for planning and coordinating services in partnership with operators. It also seeks to accelerate the adoption of ZEBs. Moving the fleet away from fossil fuels will help improve air quality as well as reducing the 3% of emissions that buses currently contribute to the total domestic transport footprint.

² - Department for Transport (2021a), *Bus Back Better: National Bus Strategy for England*, <https://www.gov.uk/government/publications/bus-back-better>

³ - Between 2009/10-2019/20. Department for Transport (2020), *Annual bus statistics: England 2019/20*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/929992/annual-bus-statistics-year-ending-march-2020.pdf

⁴ - The number of licensed private cars in Great Britain increased by 13% between 2010 and 2019 (Source: DVLA/DfT, 2021, Table VEH0103), while vehicle miles driven (by cars, taxis, LGVs and HGVs) increased by 16% in the same period (Source: DfT National Road Traffic Survey 2021, Table TRA0101)

⁵ - Campaign for Better Transport (2019), *The future of the bus: Future funding arrangements*, <https://bettertransport.org.uk/sites/default/files/research-files/future-bus-funding-arrangements.pdf>

Yet LTA capacity and capability to deliver on the strategy's objectives varies significantly. Local authorities' diminished responsibilities since deregulation and declining budgets have led to a gradual reduction in staff numbers and overall expertise within their bus teams.⁶ UK100's *Power Shift* report highlighted that additional powers and finance would enable local authorities to play a greater role in encouraging modal shift and transport decarbonisation.⁷

Legislative and policy requirements

Bus Back Better aims to reverse the decline in bus use by reforming the way that services are planned and delivered, placing greater emphasis on the role of LTAs – the unit of local government with responsibility for bus use, either combined authorities, county councils or unitary authorities.

Previously, there were attempts to encourage closer working between authorities and bus operators through legislation. The Transport Act 2000 introduced statutory 'Quality Bus Partnerships' for LTAs and operators to agree on measures to boost bus use.⁸ Later, the Bus Services Act 2017 created the additional option of EPs, which support a greater range of measures and forms of cooperation. It also allowed mayoral combined authorities to introduce franchising schemes.

However, with few exceptions, **the powers of the 2000 and 2017 Acts remained largely unused by LTAs. This was largely due to the significant commitments required to forge EPs and the lack of resources to dedicate to the process.** Instead, many LTAs preferred more informal, voluntary partnerships with operators, which could cover the areas they can easily agree to collaborate on but not tackle objectives that may be more difficult to achieve.

Rather than introducing new legislative measures, *Bus Back Better* seeks to boost cooperation by requiring LTAs to establish EPs or franchising arrangements with bus operators to be eligible for future government bus funding. LTAs are required to:

⁶ - Campaign for Better Transport (2019), *The future of the bus: Policy and fiscal interventions as part of a National Bus Strategy*, <https://bettertransport.org.uk/sites/default/files/research-files/The-future-of-the-bus-August-2019.pdf>

⁷ - UK100 (2021), *Power Shift: Research into Local Authority powers relating to climate action*, <https://www.uk100.org/publications/power-shift>

⁸ - Such as investment in bus shelters and real time information displays, bus lane enforcement, raised kerbs and higher standards on exhaust emissions

- Notify the Department for Transport (DfT) of their intention to either form an EP or pursue franchising (with the ability to request franchising powers extended to all local authorities) by the end of June 2021;
- Publish Bus Service Improvement Plans (BSIPs) setting out high-level vision, outcomes and interventions by the end of October 2021;
- Have an EP in place or be in the process of establishing franchising by March 2022.

The strategy clearly spells out the role increasing bus use needs to play in reducing transport emissions: *“every LTA that wishes to receive funding from the Department for local transport projects must develop ambitious strategies, targets and measures for cutting carbon from transport in their area”*.⁹

Our research shows that this enthusiasm is not matched by all local authorities. While all LTAs supported the overall direction of the strategy and welcomed its aims, their level of ambition varied. Overall, **predominantly urban unitaries and combined authorities expressed greater levels of support for buses** (and public transport more generally) by elected representatives and residents. These authorities had already well-established informal partnerships with operators, providing a good basis for progressing to EPs with plans to review bus provision.

On the other hand, **predominantly rural authorities (and some smaller unitaries) felt constrained by high levels of car dependency and lack of appetite among political leaders to do more than the minimum needed to meet statutory requirements on buses**, so officers expect fairly unambitious EP agreements. Smaller authorities lacked dedicated people who could champion buses. **Officers and external stakeholders also raised concerns that growing bus use was not recognised by elected representatives as a way to deliver on councils’ Net Zero ambitions through mode shift away from cars, despite climate emergency declarations.** Some officers suggested **there need to be more statutory requirements or legally binding targets** (e.g. to increase bus use/reduce traffic/overall transport emissions) for such “laggard” authorities to be jolted into action.

⁹ - Department for Transport (2021a), p. 74



Our politicians are quite pro-car and believe electric vehicles are going to save the day. So government saying ‘it would be nice if you could do this’ is not enough. Some legislative requirements would be useful, something that says ‘as a local authority you must do this’, so then we can take that to our politicians and say ‘sorry, we have no choice’. At the moment with ‘nice to haves’ it is an uphill battle.

Senior transport officer, urban unitary

The majority of LTAs focused on buses as a source of pollution that ZEBs can reduce, rather than a way to achieve much bigger savings through modal shift. *Bus Back Better* aims to incentivise ZEB adoption through additional funding to LTAs and a commitment to set a date for ending the sale of new diesel buses. It states “both operators and LTAs must play their part” in the transition to ZEBs by including ambitions to decarbonise the local bus fleet in their BSIPs.¹⁰

However, the majority of LTAs interviewed saw fleet management as a concern for operators. Many are not clear of the mechanisms through which they can influence it and feel that the strategy and the accompanying guidance¹¹ do not clarify this sufficiently. While areas with franchising arrangements can directly specify particular minimum standards for fleets in the contracts, those with EPs are encouraged to include local standards for zero emissions in the BSIPs, but it is not clear how this requirement would be delivered or enforced.



Bus operators are businesses, so delivering projects that involve operator contribution where they might not see the financial benefit at the end of it is challenging. With franchising, the transport body can decide to invest in new zero emissions buses and they tell the bus operators, this is what you’re going to operate and this is how it adjusts the contract price. But we’ve got to do a big negotiation on lease costs with our operators and even then there’s no guarantee at the end of it all that it will happen.

Transport manager, established combined authority

¹⁰ - Department for Transport (2021a), p. 73. The consultation on ending the sale of diesel buses closed on 11th April but the government response had not been published yet. -

¹¹ Department for Transport (2021b), National Bus Strategy: Bus Service Improvement Plans, Guidance to local authorities and bus operators, p. 21

Many authorities are therefore proposing to postpone action until the technology has matured or second-hand vehicles are available for purchase from other authorities. While there has been recent government and operator investment in cleaner buses, at the moment 12% of the fleet are hybrid and only 2% (4% cent in London and 1% in the rest of England) are zero emission.¹² Many operators have pledged to only purchase ultra-low or ZEB from 2025, if there is continued government support towards the vehicle and charging infrastructure costs.¹³ However, operators interviewed point to a barrier until ZEB equal or exceed the commercial viability of existing low emission buses.

Funding

Bus Back Better commits a total of £3 billion for the duration of the current Parliament to improve buses outside London and to get more people travelling by bus. However, it is unclear how much would be allocated to each LTA and what shape the funding would take. Due to the pandemic, the last two Spending Reviews have produced **short-term annual funding settlements, rather than multi-year ones. This has created a high degree of uncertainty for local authorities.**

In addition, DfT funding is usually competitive, inviting local authorities to bid for a limited amount, which is then awarded to a small number of winners. One example was the all-electric bus town competition, which was won by Oxford and Coventry.¹⁴ The new Zero Emission Bus Regional Area (ZEBRA) scheme takes the same approach, inviting authorities to submit bids, with £120 million available to support “at least three areas” to purchase ZEBs and the infrastructure needed to support them.¹⁵

¹² - Department for Transport (2020), Public Service Vehicle Survey, Table BUS0609,

<https://www.gov.uk/government/statistical-data-sets/bus06-vehicle-stocks-technology-and-equipment>

¹³ - Confederation for Passenger Transport (2019), Moving Forward Together: Our commitments,

<https://www.cpt-uk.org/moving-forward-together/>

¹⁴ - Department for Transport (6 January 2021), Coventry and Oxford set to be UK's first all-electric bus cities, <https://www.gov.uk/government/news/coventry-and-oxford-set-to-be-uks-first-all-electric-bus-cities>

¹⁵ - Department for Transport (2021), Zero Emission Bus Regional Areas scheme – 2021/22: Expression of Interest (EOI), <https://www.gov.uk/government/publications/apply-for-zero-emission-bus-funding>



We looked at the ZEBRA scheme but our understanding is they are looking for 3-4 big projects where they can completely transform a local fleet of buses across the whole area, and it's aimed at urban areas. That isn't really conducive to our operations as we've got lots of different operators, a lot of cross-country services with high mileage issues to consider.

Transport manager, larger, mainly rural, unitary

LTAs called for more universal funding, although even then the outcome would depend on the form and amount of funding available – given the high costs of ZEBs in relation to LTA budgets. For example, a new electric bus costing £100,000 would make up a large proportion of a total public transport budget of £1-3m, before including the costs of new charging infrastructure. Therefore, **some LTAs reported limited support by elected members to financially support the accelerated take-up of ZEBs.**



At the moment, the business case doesn't quite exist for the bus to switch from a diesel to an electric. There needs to be additional funding from the government to make up the difference between diesel and electric cost, and there are additional costs e.g. strengthening the grid which shouldn't be underestimated. And I don't think it will necessarily make a massive difference to numbers, so we have to be careful as to where the costs lie.

Senior policy officer at a newer combined authority

Overall, **the reliance on short-term allocations and competitive funding pots is producing significant uncertainty and year-to-year variability in council budgets.** Smaller LTAs with limited ability to prepare competitive funding bids are continually unsuccessful. LTAs would like to see a single, multi-year funding pot for local buses to improve certainty and allow for better planning and delivery. This would enable pilots, for example, to continue if successful, rather than stop when initial funding ends. **There is a preference for revenue funding over capital,** so that LTAs can prioritise routes and increasing passenger numbers over investment in fleets.

Skills and resources

Local authorities have seen their resources diminish over the years. **Due to declining budget, routes and bus use, there has been an overall reduction in expertise and staffing**, with the majority of LTAs having lost staff over the last decade. Technical expertise is lacking is the transition to ZEBs. **Many LTAs are unsure how best to support the increased adoption of ZEBs, particularly where they have limited experience of this. In addition, there are big gaps in LTA's understanding of how to drive investment in charging infrastructure**, including issues relating to fairness, access, costs and commercial models. *Bus Back Better* announced a new Bus Centre of Excellence will focus training in a number of areas,¹⁶ however expertise in ZEBs was not mentioned and this could be an area where additional insight needs to be provided.

“**There's not a big pool of people, so finding the right expertise is quite a difficult challenge. Frequently you end up with a generic project manager but they don't have the technical expertise. For me it's easy to do a low emission bus bid as I've done many of those, but most authorities won't have someone who understands how to put together a bid or how to specify an electric bus system charging depot and how to do the tendering process or how to put a risk assessment together.**

Passenger services manager, small urban unitary authority

Revenue funding is perceived as an effective mechanism to address this challenge. For example, rather than providing funding for EV charging directly, government could fund a dedicated person in each LTA responsible for the roll-out and work with businesses and chargepoint operators to deliver an appropriate place-based programme.

ZEBs only appear to be on the agenda for metropolitan cities and large urban areas where funding and patronage exists. Lower passenger numbers in more rural areas mean the investment required per passenger would be significant. So in these authorities, focus is on “just getting the job done” and they “don't have the time or resources to think about things like electric buses”.

¹⁶ - These included: public transport service planning and network design, performance oversight, contract procurement and competitive tendering, design and development of bus priority measures, and wider traffic management measures to improve local bus performance. Department for Transport (2021a), p. 44

In addition, **rural LTAs are concerned about the implications of ZEBs**, including the range of electric buses, recharging time, hilly terrains, charging infrastructure and grid upgrades requirements, and the relative lagging behind in hydrogen technology. For more urban authorities the cost effectiveness of investment would generally be higher, although so too would land costs for infrastructure or depots. Urban areas are also more likely to experience and acknowledge air pollution as a problem, which could lend support to business cases for incorporating the public health benefits of cleaner air.

“**We did have a couple of electric buses thanks to a benefactor but unfortunately the battery range in those days wasn't great, so we needed to buy an extra bus to run the service. And at the end of the battery life the cost of replacing them was prohibitively expensive, and so we don't run electric buses anymore. There is an aspiration to look again at zero emission, whether that be hydrogen or electric, but it's all about having the right infrastructure, and our rural nature would probably mean that the range isn't workable for inter-urban.**

Transport operations manager, rural, smaller ex-shire unitary

Fleet replacement is a ‘trickle down’ process whereby new vehicles tend to be purchased initially in larger urban areas, then proceed through a chain of smaller urban areas and eventually to more suburban and rural routes. Support targeted at fleet replacement in cities might effectively accelerate a nationwide trickle down of low-emission vehicles. Authorities that had previously coordinated the introduction of ZEB by national operators complained that after an initial support period ends, vehicles tend to be re-distributed to other strategically important or more urban areas. **Increasing the purchase and use of new vehicles in more rural authorities would require the establishment of new mechanisms or incentives.**

Finally, **some LTAs were concerned that the push to invest in ZEB might come at the expense of passenger needs.** For example, funding for supply-side ‘big infrastructure’ of depots and electric chargers should not come at the expense of investment in the demand-boosting ‘small infrastructure’ of bus stops, stands, real-time information displays etc. *Bus Back Better* helpfully suggests that “buses should offer end-to-end accessibility and provide ample areas for pushchairs and luggage in addition to wheelchair space, so that everybody can travel with confidence”.¹⁷

¹⁷ - Department for Transport (2021a), p. 32

Some LTAs, however, highlighted that design should ensure that battery sizes do not reduce the amount of ground level accessible seating, which is particularly important to areas dependent on concessionary travel, potentially reducing the commercial viability of the vehicles. **LTAs therefore supported investment in electric and hydrogen bus research and development and manufacturing to continue to increase the range between charges and to improve design.**

Recommendations

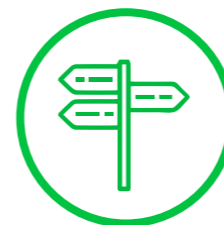
Bus Back Better set out welcome ambitions to reverse the decline in bus use and improve bus service provision across England, including accelerating the adoption of ZEBs. It rightly placed the onus on local authorities to deliver, in partnership with bus operators. This research found, however, that many local authorities would need a boost to their capacity and capability to deliver on these ambitions. As well as delivering additional support through the Bus Centre of Excellence (BCoE), the government should reform funding structures to provide greater certainty for authorities.



Some LTAs lack bus champions at leadership level and fail to recognise the potential for increasing local bus use as a way of meeting carbon reduction targets. Through the BCoE, the government must increase awareness among local leaders of the economic, social, health and environmental benefits of increasing local bus use. **The Local Authority Toolkit announced in the TDP must include guidance to support the process of developing ambitious BSIPs.**



The reliance on short-term allocations and competitive finding pots is producing significant uncertainty and smaller LTAs with limited ability to prepare competitive funding bids tend to lose out. The BCoE should provide intensive support and detailed feedback to LTAs that have tended not to apply, or been unsuccessful, for competitive funding bids. **In the longer term, the government should reform how local bus funding is structured into single, multi-year funding, with a significant proportion of revenue funding to support services.**



Local authorities are broadly unsure of the mechanisms at their disposal for accelerating ZEB adoption. While franchising might offer more leverage, very few authorities are considering this option. EPs have the potential to deliver sufficient commercial incentives, combined with government funding, necessary for fleet renewal. **The BCoE/Local Authority Toolkit should provide detailed guidance.**



Funding for ZEBs is currently limited with urban areas leading in the adoption. While this has the potential to create a larger second-hand market and skilled labour pool for other areas, rural LTAs are currently constrained by limitations in technology development, lack of funding and shortage of expertise. **The government should scale up investment in ZEB, alongside templates and standardised procurement frameworks LTAs can use to increase EV infrastructure roll-out.**



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