



 Ad-hoc release of funding results in a so-called 'feast or famine' for the whole bus industry

## WHERE NEXT FOR ZERO-EMISSION BUS FUNDING?

**Grants for zero-emission buses will cease at some point.** Then what for such vehicle buys?



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The recent announcement of successful bids under the second round of the Zero Emission Bus Regional Areas scheme in England was welcome news for the sector. Funding of £143 million will support the rollout of 955 zero-emission buses (ZEBs) across 25 local authority (LA)-led bids, £40 million of which has been designated for over 300 vehicles in rural areas.

Allocation of the £58 million second tranche of the Scottish Zero Emission Bus challenge fund is due to be revealed soon too, in what is expected to be the final iteration of grant funding for ZEBs in Scotland.

Without doubt, grant schemes have been vital to the success of ZEB uptake in the UK. The

vast majority of the nearly 3,500 ZEBs on the road today have been supported by public money.

Zemo Partnership analysis suggests that 15% of the UK bus fleet will be zero-emission by 2025/26, based on funding that has already been allocated. While order books are full for now, what comes next for government support – and indeed, what will be the most sustainable mechanism for operators to fund ZEBs in the decades to come?

Early grant schemes were designed to support trials and pilots of zero-emission technologies, driving vehicle development beyond diesel-based offerings. Public funding continued to grow through successive mechanisms, as did the array of zero-emission models available, helping to improve operator confidence

and cement ZEBs as a viable alternative to diesel.

However, continuing with these schemes in their current guise could bring about changes and barriers to ongoing ZEB uptake. In particular, the competitive nature of pitting consortia against one another for something that all corners of the country should be able to benefit from fairly.

Additionally, bidding for funding requires a huge amount of resource and expertise: Development of the business case, sourcing quotes (for vehicles and infrastructure), and fostering relationships with partners.

These are often elements that limit some LAs and operators that lack the capacity to mobilise at short notice. This competitive nature coupled to the ad-hoc release of funding results in a so-called 'feast or famine' for the whole industry.

When a new funding scheme is announced, LAs and operators rush to pull together a bid, with no guarantee of success. The pressure then switches to manufacturers and suppliers that must scale up to meet

a glut of orders at short notice. A period of quiet then ensues, before the long wait for the next clamour for funding begins.

A move away from grant schemes for ZEBs, if that is indeed what is to come, will undoubtedly elicit nervousness and uncertainty around planning the next decade of fleet replacement. Reform of BSOG in England, alongside a growing role for private finance, will be crucial to help allay some fears about a funding cliff-edge.

The long-awaited BSOG consultation will provide the industry with an opportunity to tailor public money into a more sustainable, long-term means of funding the transition.

Some might say that grant schemes have played their part and other options should now be explored. Others will say that they continue to be a vital tool in driving the decarbonisation of UK buses.

One thing is for sure: The sector needs clarity and certainty about what the future holds – whether that be further grants, BSOG reform, or an end of sales date for new non-zero-emission buses.