

Low Carbon Vehicle Partnership

Bus Working Group Meeting
Wednesday, 4 March 2009, 10.30 to 13.30
Energy Saving Trust
21 Dartmouth Street, London, SW1H 9BP

BWG-M-09-03

MINUTES

Attending

Adrian Wickens – Volvo
Andrew Leadbetter – Mersey Travel
Bob Bryson – ADL
Colin Copelin – CPT
David Martin – STS
Greg Archer – LowCVP
Jonathan Murray – LowCVP
Maurice Perl – Wrightbus
Mike Attfield – Oxonica
Phil Stone – Millbrook
Stephen Smith – DfT

David Lemon – STS
Greg Archer – LowCVP
Frank Thorpe – Go-Ahead

Apologies

Chris Walsh – Cenex
Riccardo Sardelli – Allison Transmission
Myles Mackie – CCC
Bob Davis – SMMT
Rayner Mayer – Sciotec
Paul O'Sullivan – DfT

1. Welcome and apologies

The Chair welcomed attendees and apologies were noted.

2. Election of Chair

Bob Bryson was unanimously re-elected as chair of the working group.

3. Minutes and Matters arising

The minutes of the last meeting were approved and the Chair then went through the list of actions set out in paper BWG-M-08-10.

There was an outstanding action to circulate to the members of the group the Local Transport Act. JM confirmed that the comments of the BWG were feedback to the COMPRO project. A number of members of the BWG had agreed to participate in the sub-group to draw up the brief for the survey of interest but it was noted that the project had been put the project had not been put out to tender awaiting the result of the BSAG review of the BSOG to be announced.

4. LowCVP update

4.1 Activity report

Greg Archer (GA) provided an update of the work of the Partnership in the last 3 months, which is detailed in paper BWG-P-09-01. He informed Members of a recent meeting with Geoff Hoon, in which positive support for LowCVP had been expressed. Plans for £250m to encourage the

purchase of ultra-low carbon cars were also discussed and LowCVP invited to develop proposals for how this should be spent.

The Director also provided an update on 2009-10 funding explaining that a budget of £699k has been agreed, a cut of £67k which is inline with the savings that will be realised through incorporation. The group were informed that funding for the Partnership from BERR had been reduced, this was in part due to the formation of DECC and the transfer of policy lead on climate change being passed to DECC.

Other highlights of LowCVP activities included:

- “Engaging with investors” microsite launched
- Car advertising seminar held with SMMT & ISBAR in January
- Neville Jackson becomes LowCVP Chairman
- 6th Annual Conference scheduled for 8th June at GLA City Hall
- Parliamentary lunch to be hosted on 11 March at HoC

It was suggested that the LowCVP should attend more industry dinners and events such as the Confederation of Passenger Transport’s annual dinner.

Action: LowCVP to draw up a list of annual events that LowCVP would consider attending.

GA informed the group that Graham Smith, Chairman of LowCVP, would be stepping down at the end of March. Graham has been the Chairman of LowCVP since its inception in 2003 and had successfully steered it through to its current position with more than 300 member organisations. Graham will be replaced by Neville Jackson, who also has been a member of the Board of LowCVP since its creation. He will be supported by two vice chairmen who will be Darren Jackson from Shell and Jamie Borwick from Modec.

4.2 Incorporation and fees update

GA updated the Group on progress toward incorporation (BWG-P-09-02). The final go-ahead to become incorporated was given by the Board on 5 February, having been delayed due to uncertainty over the 2009/10 budget. GA will be writing to all Members to invite them to (re)join. The Board also agreed to the recommendation that organisations joining before the end of May 2009 should receive a 60% reduction in membership fee. All current members of the Partnership will have to become members of the new company by April 2010 in order to continue participation. SMMT will be making a collective contribution from its members to the Partnership although SMMT member companies would still need to register as members individually.

4.3 Membership Council

GA outlined the role of the Members Council detailed in paper BWG-P-09-03. It was emphasised that current members will have 12 months grace period to become Members under the new governance structure and that only Members under the new governance structure will be eligible to sit on the Members Council. The Council is to be composed of the chair, 17 working group representatives, 2 from government and 5 others. At the next meeting of the BWG, members will be asked to elect representatives to the new Members Council.

GA advised that 30% of existing members, who for the main part had been inactive in the Partnership, were anticipated to be unlikely to transition to becoming Members under the new governance. GA also clarified that there are an additional five ‘open’ places on the Members

Council to permit flexibility and balance in its constitution. Members seeking a place should contact the Secretariat or the BWG Chair.

Council Members are invited to attend the final meeting of the Steering Group which takes place 29th April 2009. The first meeting of the Members Council takes place on 22nd July.

Summary of next steps

- New LowCVP company to be created and registered at Companies House
- Director to write to members inviting them to join by end of February
- Existing members will receive 60% discount if join by end of May.
- All current members to join by April 2010 to continue participation

Action: BWG members interesting in participating on the Council should notify the Secretariat or the Chair.

4.4 Articles of Association

The draft articles had been circulated to the WG prior to the meeting for information (BWG-P-09-04). A few amendments remain to be finalised prior to distribution with invitations to join the Partnership.

Action: Articles to be circulated to members as soon as finalised.

5. Government update

Stephen Smith (SS) from the DfT provided an update on the reasons for amending BSOG and the revisions that can be expected.

SS stated that the rationale for the amendment of BSOG were three fold. Firstly, that it didn't fit well with Government environmental policy. Secondly, it was a very significant funding item in DfT's budgets and appeared to be on an ever increasing trajectory, and finally, concern that CO2 emission figures per passenger/km for buses were deteriorating while figures for cars were improving as car CO2 emission reduced.

He then went on to set out the objectives behind the Secretary of State's announcement to reform BSOG. The intention is to completely reform BSOG in the medium term, 3-4 years, and in the interim to ensure that its worst features were amended. In particular as a priority;

- Future increases in BSOG would be linked to improvements in the bus fleet efficiency.
- Low Carbon Emission Buses (LCEB) are not penalised and able to attract similar funding support to diesel buses.

Amendments to BSOG would be introduced in the Budget to address these issues. However there is no intention to reduce the level of BSOG funding currently.

It is proposed that bus operators' fuel consumption would be benchmarked and then if a bus operator achieved a 6% improvement in fuel consumption over a two year period then they would be eligible for an uplift in the rate of BSOG payment for the whole fleet. Bus operators would be allowed to choose 2007-08 or 2008-09 as the base year.

6. Current and future work programme

JM provided a report on the current and future work programme for the BWG, set out in detail in paper BWG-P-09-05. Although the 2008-9 programme had been disrupted by changes in staff

within the Secretariat and time required in taking forward the creation of the new member-owned company the BWG had completed four major projects, these were:

- Responded to the 'Local Bus Service Support – BSOG Review' consultation and responded to specific DfT questions in relation to the review of BSOG,
- Commissioned the 'Low carbon bus procurement feasibility study' which determined the requirements to make LCBs feasible outside London,
- Developed a low carbon bus performance specification in conjunction with key stakeholders.
- Promoted the performance specification as a common low carbon bus specification with other groups and in particular COMPRO.

In addition the work on surveying interest in LCEB procurement outside London had been started but was placed on hold due to the announcement of the Secretary of State that BSOG would be amended and so the BWG had focused on participating in the Bus Subsidy Advisory Group (BSAG) since January 2009. BSAG is expected to continue to meet throughout 2009 although LowCVP's main input will reduce after the April budget.

6.1 Future priorities 2009-10

The Group confirmed that the project to survey of interest in procurement of low carbon buses should now be restarted and that they were happy for LowCVP to continue to input to the BSAG after April 2009.

Action: Sub-group to be formed to oversee work on survey of interest.

JM then set out the proposed work programme for the rest of the current year. This comprised of two new projects, low carbon bus local transport policy toolkit, and development of a low carbon bus procurement group. In addition the work programme includes a further continuing project to promotion of the low carbon bus specification. This is primarily to support the COMPRO project which has adopted the LowCVP low carbon bus specification and requires only limited resources.

The group agreed with the proposed work programme which will now be put before the Board of LowCVP for approval with the rest of the LowCVP work programme for 2009-10.

7. BSAG

7.1 Briefing on BSAG meetings

Adrian Wickens (AW) sits on the BSAG representing the SMMT along with JM, representing LowCVP. AW provided a report on the workings of BSAG including its terms of reference, objectives for the first phase and its progress to date, which was detailed in paper BWG-P-09-06.

7.2 Defining a low carbon bus

JM presented a paper requesting input from the group to be feed into BSAG at the request of DfT (BWG-P-09-07). The focus of which was to provide a clear definition of what a LCEB is. The following comments were made in relation to a definition of a LCEB.

Bus manufacturers should self certify their LCEBs and provide evidence to DfT based upon a process similar if not the actual process proposed by LowCVP.

It was accepted that B5 biodiesel uptake should be determined by the Government's biofuels policy and the Renewable Transport Fuels Obligation (RTFO). However, high blends of biodiesel could be incentivised through BSOG.

It was considered that there need not be incentives for buses achieving a 20% reduction in GHG as these are close to market and don't tend to have a significant cost premium. Consequently the group felt that the incentives through BSOG for improvements in the bus fleet fuel efficiency would provide adequate incentive for these technologies.

It was agreed that a 6 p/km supplementary BSOG rate for LCEBs would provide a level playing field but that this would fall short of the Secretary of State's announcement to provide an incentive for LCEBs. It was also agreed to make these LCEBs commercially viable would require more than 6 p/km in order to provide a pay back in a period of less than 7 years. It was also noted that bus operators bear considerable risk in adopting LCEBs from an reliability point of view.

The LowCVP developed a complete set of test procedures in 2005. It was agreed that these should be reviewed.

Action: Sub-group to review testing and accreditation procedures to be formed if DfT adopt LowCVP pocedures.

8. AOB

**Next meeting:
6th May 2009
Venue to be confirmed**