The APPG for British Buses, co-chaired by Alex Baker MP (Aldershot) and Euan Stainbank MP (Falkirk), brings together parliamentarians with a bus manufacturing site in their constituency, or an interest in the sector more broadly. **Its core ambition is to ensure that HMG investment into zero emission buses delivers the maximum benefits for the UK sector, in terms of jobs, investment in the domestic supply chain and supporting growth in exports**.

The APPG for British Buses is calling for this Spending Review to deliver:

* **A strategic prioritisation of UK content and UK manufacturing in roll-out of future zero emission buses.** Under the forthcoming Buses Bill, and via its new ‘UK Bus Manufacturing Expert Panel’, HMG should require funding given to Strategic Authorities to decarbonise local bus fleets to be ringfenced to ensure high levels of UK content in zero emission bus purchasing. This can be delivered via reforming existing procurement processes used by local authorities and securing greater support for UK bus manufacturers (as other nations are doing already whilst also remaining members of the World Trade Organisation), in partnership with the Department for Business and Trade (DBT) as the UK-wide policy owner for subsidy control.
* **Funding and policy for the delivery of 2,000 British-built zero emission buses per year.** Government should create an annual ongoing production cycle in order to improve efficiency and scale-up of the domestic supply chain (as opposed to the previous “in bulk” approach under the previous administration, which risks orders going to non-UK manufacturers if domestic builders’ orders books are full).
* **A comprehensive and realistic spending plan to support any zero-emission bus mandate from 2030**, should the zero-emission vehicle provisions in the Bus Services Bill pass and be enacted on or after 1 January 2030.

If the Government fails to deliver ambitious funding in this Spending Review and reform existing procurement processes to better value domestic manufacturing, it risks:

* Accelerating the decline in domestic bus manufacturing with the loss of further direct and indirect jobs, along with a reduction in investment across the UK.
* Increasing our dependency on importing buses from foreign competitors while reducing UK cyber and technology security.
* Exporting emissions overseas and reducing our ability to meet our decarbonisation targets as a country.

***Supporting growth, jobs and investment through UK zero emission bus manufacturing***

“The race is on for the clean energy jobs of the future…The economy of tomorrow – And I don’t want to be in the middle of the pack…I want to get ahead of the game.”

Prime Minister, Sir Keir Starmer MP, speech at COP29, 12 November 2024

The UK bus manufacturing industry is a vital part of our economy and should be a key pillar in delivering the Prime Minister’s ambition to create “the clean energy jobs of the future”. **Zero-emission bus manufacturing supports thousands of highly skilled jobs across all regions of the UK in line with the Growth and Clean Power Missions.**

13 constituencies across the UK benefit from hosting parts of the UK bus manufacturing supply chain, with the following original equipment manufacturer (OEMs) located in:

|  |  |  |
| --- | --- | --- |
| **Alexander Dennis (9)** | **Wrightbus (2)** | **Switch Mobility (2)** |
| Aldershot | Bicester and Woodstock | Hendon |
| Alloa and Grangemouth | North Antrim | Rother Valley |
| Falkirk |  |  |
| Harlow |  |  |
| North Antrim |  |  |
| Rother Valley |  |  |
| Scarborough and Whitby |  |  |
| South Ribble |  |  |
| West Lancashire |  |  |

Research by the Society of Motor Manufacturers and Traders (SMMT) shows that the **vehicle manufacturing sector creates 3.25 additional local jobs for every job created directly – twice that of vehicle import or distribution roles (1.73).**

**The UK’s three bus manufacturers employ over 4,000 people directly and support nearly 13,000 jobs in the wider supply chain** - this evidences the multiplier effect on jobs in all parts of the country.

**Average salaries across UK bus manufacturers are a minimum of 20% higher than vehicle import or distribution roles**, and these jobs are highly skilled. Effort to create more jobs in this sector can ensure that traditional manufacturing skills are retained and updated for the challenges of the 21st century, whilst spreading the economic benefit around the UK.

“We can be the innovators and the implementers, helping ourselves and exporting our solutions worldwide. But if we choose to go slowly, others will provide the answers, and ultimately we’ll end up buying these solutions rather than selling them.”

Lord Sir Patrick Vallance, Labour’s 2024 General Election manifesto

**Domestic manufacturers also reinvest considerably more of their annual turnover here in the UK (average 4% per annum) than typical importers (often c.03%),** meaning more of their success is fed back into the domestic economy.

The current state of UK bus manufacturing:

* The UK has three major bus manufacturers, Alexander Dennis, Switch and Wrightbus.
* Collectively, the three bus manufacturers **employ 4,000 people directly, supporting a further 13,000 jobs** across the supply chain.
* The previous Government committed to fund 4,000 “British-built buses” in the last Parliament. However, only 2,270 buses were delivered through the Zero Emission Bus Regional Areas Scheme (ZEBRA), totalling £312m of taxpayer funding. **Of these delivered buses, 46% were bought from non-UK manufacturers.**
* There remain around 36,000 fossil-fuel powered buses on UK roads – the **decarbonisation of these vehicles therefore offers a strategic opportunity to support our domestic bus manufacturers**.

“Mayors in the UK..have committed themselves to buying electic buses from British manufacturers, and we will be working with mayoral authorities in the years ahead to ensure that we can do more of that, not less.”

Rt Hon Darren Jones MP, Chief Secretary to the Treasury

The APPG for British Buses is therefore calling for this Spending Review to deliver:

* **A strategic prioritisation of UK content and UK manufacturing in roll-out of future zero emission buses.** Under the forthcoming Buses Bill, and via its new ‘UK Bus Manufacturing Expert Panel’, HMG should require funding given to Strategic Authorities to decarbonise local bus fleets to be ringfenced to ensure high levels of UK content in zero emission bus purchasing. This can be delivered via reforming existing procurement processes used by local authorities and securing greater support for UK bus manufacturers (as other nations are doing already whilst also remaining members of the World Trade Organisation), in partnership with the Department for Business and Trade (DBT) as the UK-wide policy owner for subsidy control.
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If the Government fails to deliver ambitious funding in this Spending Review and reform existing procurement processes to better value domestic manufacturing, it risks:

* Accelerating the decline in domestic bus manufacturing with the loss of further direct and indirect jobs, along with a reduction in investment across the UK.
* Increasing our dependency on importing buses from foreign competitors, reducing UK cyber and technology security relating to critical public infrastructure and globally shared data.
* Exporting emissions overseas and reducing our ability to meet our decarbonisation targets as a country.

**The APPG believes this scenario is completely at odds with the Missions of this Government.**

**SUBMISSION**

1. **Reforms to existing procurement process for zero emission buses to prioritise UK content.**

The UK has three major bus manufacturers in Alexander Dennis, Switch Mobility and Wrightbus – who all produce different types of zero emission buses. Placing orders with UK bus manufacturers is the best way to maximise the economic benefit of taxpayer funding to purchase zero emission buses. **Prioritising UK content in zero emission bus procurement orders will have positive knock-on effects on regional growth and R&D investment and ensure domestically manufactured products are globally competitive.**

At the inaugural meeting of the APPG in November 2024, UK bus manufacturers agreed that local authorities place insufficient weighting on social value during the tender process. Going forwards, the procurement process should appropriately evaluate the impact on the local community, demonstrated by SMMT’s findings that the vehicle manufacturing sector creates 3.25 additional local jobs for every job directly created, as well as across the UK, in terms of re-investment of annual turnover, supply chain security and reduction in long-term costs.

To achieve this, **the APPG recommends the Department for Transport works in partnership with the Department for Business and Trade, the UK-wide policy owner for subsidy control, to reform current subsidy control rules. These should be reformed to allow for local content recognition** as part of the wider review into the UK subsidy control regime. An additional consideration should be a streamlined route (also known as Streamlined Subsidy Schemes) to simplify and expedite the tender process for zero-emission vehicles that amplifies community benefit. This route should be designed in consultation with industry and the relevant local authorities.

The challenges faced by domestic manufacturers with tender processes are made more acute due to unfair business practices used by some of their international competitors. UK’s bus manufacturers agree that many of their overseas competitors benefit from domestic

content requirements, alongside significant government subsidies to offer a markedly lower product price. Without ensuring the benefits of buying British are appropriately measured, domestic manufacturers will be overlooked, and the UK will become reliant on foreign technology and suppliers of zero emission technology and infrastructure.

***Comparative international examples from which the UK can learn from:***

**North America:** Where government support or subsidy is involved, governments seek both local economic benefits combined with job retention and creation. Federal agencies have funding mechanisms in place to buy buses that support and recognise the importance of domestic economic benefit, jobs, supply chain and technology in procurement for buses through Canadian Content requirments and Buy America rules.

**Europe:** Manufacturers in Spain are asked to outline their total ‘aftersales’ footprint within the region. Heavy scoring is applied to the size of the team and capabilities, which favours manufacturers based in the country. German Procurement law mandates that 50% of content for Transport Projects must come from the EU or countries with a relevant FTA (which the UK qualifies).

To prevent this, **the APPG is seeking a commitment from Ministers in DfT to work with the new ‘UK Bus Manufacturing Expert Panel’ to reform existing procurement processes used by local authorities and to secure greater support for UK bus manufacturers.** This should be done in partnership with the Department for Business and Trade (DBT) as the UK-wide policy owner for subsidy control. Other nations have successfully supported domestic manufacturers in this way while still remaining members of the World Trade Organisation.

We welcome the statement given by the Chancellor on 21 January 2025 that the forthcoming National Procurement Plan will support UK bus manufacturers.

1. **Ambitious Government plan for the delivery of UK-made zero emission buses to decarbonise the network.**

In the last Parliament, the UK’s three major bus manufacturers, Alexander Dennis, Switch Mobility and Wrightbus, were consistently clear that they have the capacity to build 4,000 zero emission buses. However, only 2,270 zero emission buses were funded by the time of the election, almost half of which were supplied by foreign manufacturers.

Alexander Dennis and Wrightbus have informed the APPG that a formally devised plan for scaling up manufacturing, featuring business support, recruitment, training and development of the wider domestic supply chain, can enable them to deliver the number of zero emission buses needed to meet the UK’s decarbonisation goals. This Government

should seize the opportunity missed by the previous administration to champion British bus manufacturing by ensuring they receive the necessary funding support.

The APPG is therefore calling for Government to commit to deliver a bold, ambitious plan to purchase UK-made zero emission buses during this Parliament. **Funding and policy should be made avaliable to deliver 2,000 British-built buses per year, in an annual, ongoing cycle of commitment rather than the previous “in bulk” approach.**

This would provide UK bus manufacturers with certainty of funding, enabling them to sustainably scale up and plan for the long term, while strengthening UK supply chains, benefitting other parts of the manufacturing economy. More UK-made zero emission buses on the roads would also support the Government's net zero targets while also stimulating economic growth and job creation.

This approach would also align with the Mayoral Regions and Local Transport Authorities taking greater control of bus franchising to meet local targets on clean air and net zero, supported by the upcoming English Devolution Bill, which will require Strategic Authorities to develop plans for bus fleet decarbonisation.

To satisfy these goals, the APPG is calling for certainty that decisions made in the Spending Review will enable the Department for Transport to commit to a scale-up plan, involving Local Transport Authorities (LTAs), Mayoral Regions and bus operators to more closely align supply of UK-made buses with demand. This will help ensure that the future of domestic zero emission bus purchasing is British.

1. **What are the costs of not acting now?**

***Economic growth, investment and jobs***

Without a bold commitment to support UK bus manufacturing through this Spending Review, **the UK Government risks missing a strategic opportunity to boost several of the growth-driving sectors identified in the Invest 2035 consultation who are adjacent to bus manufacturing**. These include: advanced manufacturing, clean energy industries and digital and technologies. Investment into these sectors can rejuvenate both domestic supply chains across a number of different industries, and contribute to continued growth for generations to come.

Alexander Dennis supports programmes that range from Automotive Engineering and Electrical Automotive Engineering apprenticeships to Vehicle Maintenance and Repair Technician apprenticeships. At the end of the training plan, apprentices leave with a National Certificate, Higher National Certificate or level 3 vocational qualification and have the opportunity to progress further into Higher National Diplomas or degree level qualifications.

In addition, Wrightbus, along with All Service One, their specialised fleet support service, is set to employ over 90 apprentices through 2025. Both companies are committed to Graduate Development and Business Graduate programmes, developing diverse skills and building strong foundations for careers in industry.

However, the loss of 160 jobs in 2024 at Alexander Dennis’ bus manufacturing facility in Falkirk demonstrates how these jobs in our domestic industry will cease to exist, unless manufacturers see delivery on Government commitments to support British manufacturing.

Simultaneously, **every pound spent to purchase buses manufactured overseas contributes to increasing the competitiveness of foreign manufacturers at the expense of UK businesses, workers and communities.**

***Supply chain security and global leadership***

The risks of the UK developing a dependence on foreign competitors for zero emission technologies is significant. For example, Chinese manufacturing already dominates the global marketplace in many sectors, including wind and solar. This does not have to be the case for zero emission bus manufacturing, but the risks of not acting now must be recognised.

There is a critical national infrastructure risk, should the UK continue to import from overseas countries. The National Protective Security Authority defines critical national infrastructure as:

'Those critical elements of infrastructure (namely assets, facilities, systems, networks or processes and the essential workers that operate and facilitate them), the loss or compromise of which could result in:

1. Major detrimental impact on the availability, integrity or delivery of essential services - including those services whose integrity, if compromised, could result in significant loss of life or casualties - taking into account significant economic or social impacts; and/or
2. Significant impact on national security, national defence, or the functioning of the state.'

Every zero-emission vehicle purchased today has a connected, digital element to it through vehicle telematics that capture and report data from each bus to the operator and the manufacturer. This information can therefore be shared outside of the UK’s legislative control of data protection and presents a significant security risk.

Buses purchased today are accompanied by a contract for maintenance that supports the bus throughout its life on the road. **Our future fleet of buses in the UK could be exposed to significant supply chain insecurity, stemming from a reliance on foreign**

**manufacturers to carry out work to sevice these buses over their lifespan, which can be up to 20 years**. Should the trend of overseas maintenance contracts continue, this will

have a detrimental impact on the UK’s availability and delivery of essential maintenance services for the transport network.

By purchasing buses from overseas manufacturers, the UK government would also risk investing in foreign companies who do not adhere to UK standards on worker and environmental rights. Whilst in the UK, the majority of those employed by the bus manufacturing industry are in well-paid, high-skilled unionised jobs, there are significant concerns over the business practices of some overseas manufacturers, who have been linked with the use of forced labour and poor environmental practices. As a global leader and champion of human rights, the UK government should take greater care to be certain that taxpayer money is not funding this activity and that UK emissions are not being exported overseas.