



Office for  
Low Emission  
Vehicles

**The deadline to bid for the Low emission bus scheme has passed. See a list of successful bids.**

£30m Low Emission Bus Scheme

Preliminary Guidance for Participants

The Office for Low Emission Vehicles (OLEV) is a cross Government, industry-endorsed team combining policy and funding streams to simplify policy development and delivery for ultra low emission vehicles. OLEV currently comprises people and funding from the Departments for Transport (DfT), Business, Innovation and Skills (BIS), and Energy and Climate Change (DECC). Its core purpose is to support the early market for electric and other ultra low emission vehicles (ULEVs). OLEV is based in the Department for Transport and this document is published by The Department for Transport.

The Department for Transport has actively considered the needs of blind and partially sighted people in accessing this document. The text will be made available in full on the Department's website. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard please contact the Department.

Office for Low Emission Vehicles  
Department for Transport  
Great Minster House  
33 Horseferry Road  
London SW1P 4DR  
Telephone 0300 330 3000  
Website [www.gov.uk/olev](http://www.gov.uk/olev)

General email enquiries: [olev.enquiries@olev.gsi.gov.uk](mailto:olev.enquiries@olev.gsi.gov.uk)

© Crown copyright 2014

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos or third-party material) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit [www.nationalarchives.gov.uk/doc/open-government-licence/](http://www.nationalarchives.gov.uk/doc/open-government-licence/) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

# Contents

1. Introduction .....	4
Executive summary of the scheme .....	4
2. What we want to achieve .....	5
Impact .....	5
Indicative timings .....	5
Process .....	5
Bid criteria .....	6
3. Key details .....	7
Who can apply? .....	7
Eligibility .....	7
Technology .....	7
Workshops .....	7
Funding .....	8
Infrastructure .....	8
State aid .....	9

# 1. Introduction

## Executive summary of the scheme

- 1.1 It was announced in April 2014 that the Office for Low Emission Vehicles (OLEV) would make at least £30m available for an ultra low emission Bus Scheme<sup>1</sup>. This scheme forms part of the £500m package to grow the market for ultra low emission vehicles (ULEVs) from 2015-20.
- 1.2 The new scheme will build on the success of the Green Bus Fund, which ran from 2009-2013 and delivered around 1,250 low emission buses onto England's roads. This scheme will increase the level of ambition and ensure that local authorities and operators are supported in buying the lowest emission alternatives to conventional diesel buses. The document outlines the principles, and current thinking around how the scheme will be designed but is not a reflection of the final design of the scheme. It marks the beginning of a consultative process with those who have an interest in the scheme.
- 1.3 The basic principles of the scheme are unlikely to change, but we want the feedback of local authorities and bus operators on this preliminary guidance to develop these principles, so that the Bus Scheme is able to work in the best interests of all its potential participants.
- 1.4 To ensure this, we plan to run workshops in January 2015 so that we can take on board the thoughts of interested parties about the document and the measures we propose within it.
- 1.5 The new scheme will be open to local authorities and bus operators in England and Wales. Funding will be available both to offset the higher costs of low and ultra low emission buses and to support authorities and operators' purchase of necessary infrastructure. We have not ruled out any technologies, but expect to award relatively more funding for buses which can demonstrate greater emissions improvements. The funding profile over time has not yet been agreed and will be one of the key discussion points at the stakeholder workshops. Our key objective is to enable a high rate of conversion to lower emission buses and we want to ensure the funding is targeted in a way that enables us to meet that objective. We also expect to reduce the Government subsidy contribution over time.
- 1.6 Participation in this scheme does not affect eligibility for other OLEV schemes.

---

<sup>1</sup> <https://www.gov.uk/government/publications/ultra-low-emission-vehicles-in-the-uk-measures-to-support-use-and-development-2015-to-2020>

## 2. What we want to achieve

### Impact

2.1 This scheme will aim to:

- **Increase the uptake of low and ultra low emission buses**, speeding up the full transition to an ultra low emission bus fleet in England and Wales;
- **Improve air quality in urban areas.** Buses are a significant contributor to the UK's air quality problems on some of its most polluted roads. Pollution from internal combustion engines presents a significant health risk, particularly in urban areas;
- **Encourage investment in the UK automotive industry.**

### Indicative timings

- Workshops: January 2015
- Release of final guidance: March 2015
- Closing date for bids: September/October 2015

2.2 We plan to launch the scheme and issue guidance and bid documents for bus operators and local authorities for the fund in March 2015.

2.3 It is expected that the initial bidding period will end in September/October 2015 and, in line with previous Green Bus Funds, there will be a commitment to place orders and enter buses into service within a specified period of this closing date. The longer bidding period has been suggested following feedback that the bid response time for the Green Bus Fund was too short.

2.4 More information on this and when grants will be paid will be announced with the guidance and bid documents in March 2015.

2.5 It is important to note that the scheme will be launched before State Aid clearance has been secured. The State Aid clearance will be sought during the bidding process. Bids are therefore made with a State Aid risk, and no money will be paid out until clearance has been gained.

### Process

2.6 We have taken on feedback that the process should be as simple as possible, both in terms of the questions being asked and the actual format of the bidding template.

- 2.7** Funding will be made available via a competitive process in which local authorities and bus operators will submit bids, which will then be evaluated against a published set of defined criteria.
- 2.8** We are developing a range of potential grant funding options on a per vehicle basis, and to support infrastructure, and these will form the basis of discussion at workshops in January.
- 2.9** We will reward innovation in financing, such as match-funding and use of loans, and those bids with the highest scores across the criteria will be awarded the grants.

### **Bid criteria**

- 2.10** The following primary criteria will be used to assess the bids:
- **Ambition** – Bids will be looked favourably upon if applicants can demonstrate a clear long term vision and strategy for converting their fleet to low and ultra low emission, with particular credit given to those who look to convert a high percentage of their bus fleet to ultra low emission. They should include the applicant's plans for using the funds over the medium term and how that fits into their overall long term strategy;
  - **Air quality** – Pollution from internal combustion engines presents a significant health risk, particularly in urban areas. Those cities which address local air quality problems, particularly in relation to NO<sub>2</sub> and/or particulate matter, and how their bids will look to improve them, will be favoured;<sup>2</sup>
  - **Value for money** – This will include an economic analysis to include the level of grant sought, the number of buses bid for, any infrastructure support included in the bid, potential air quality benefits and the best value deal obtained by the bidders for their buses.
- 2.11** We will also welcome bids which think in a considered way about how their proposals for this scheme could link with other OLEV schemes, such as the £35m City Scheme and the £20m Taxi Scheme.

---

<sup>2</sup> DEFRA's latest report on UK air quality - [http://uk-air.defra.gov.uk/library/annualreport/viewonline?year=2012\\_issue\\_1](http://uk-air.defra.gov.uk/library/annualreport/viewonline?year=2012_issue_1)

## 3. Key details

### Who can apply?

#### Eligibility

- 3.1 As with the Green Bus Fund, both bus operators and local authorities will be eligible to bid, to ensure that both commercial and tendered bus services are within scope.
- 3.2 The geographical scope of the scheme will be England and Wales.

#### Technology

- 3.3 OLEV has a technology neutral approach for reducing emissions from road transport. Therefore, all new low and ultra low emission buses and their related infrastructure will be eligible for funding, as long as they meet the scheme criteria. We are working with LowCVP to define exactly what these should be, and will present our recommendations at the workshops in January. However, we are seeking to reward ambition by directing relatively more funding towards vehicles which make more significant emissions-related improvements.
- 3.4 The scheme will prioritise support for new, low and ultra low emission technology and we expect that the most successful bids will focus on vehicles which will contribute most significantly to reducing greenhouse gas emissions and combating local air quality concerns.

### Workshops

- 3.5 This document contains preliminary guidance, and while it outlines the major policy objectives and eligibility criteria of the Bus Scheme, we want to ensure that the measures suggested will work for stakeholders before it is finalised.
- 3.6 To do this, we are planning workshops at which we will be able to have a conversation about the measures in this document, and seek feedback on them. These will take place in January.
- 3.7 The details of the scheme we would particularly appreciate feedback on are:
  - a. How much per bus funding would be needed to make the case for each type of bus?
  - b. Supporting infrastructure. How much funding would be needed to encourage investment in required infrastructure?
  - c. How long participants would need to bid, and how often the opportunity to update bids should be presented.

- 3.8** Anyone interested in taking part in these workshops should email [olev.enquiries@olev.gsi.gov.uk](mailto:olev.enquiries@olev.gsi.gov.uk), putting 'Bus Workshop' in the title.

## Funding

- 3.9** The scheme will make at least £30m available over up to three years to bus operators and local authorities. The current expectation is that the funding available will decrease over time in a move towards a sustainable market.
- 3.10** Bidders are welcome to make bids that span more than one year's worth of funding. These will be favourably considered if evidence can be provided as to how this will deliver on the scheme criteria. There will be an opportunity to update bids regularly in light of new information / cost estimates.
- 3.11** We will award grant funding to both buses and the infrastructure required to operate them, such as chargepoints. Bus industry stakeholders have specified infrastructure costs as a significant hindrance to electric and gas bus uptake and this has been highlighted by a recent LowCVP report on barriers to low carbon bus uptake.
- 3.12** The exact per bus offer and amount available to offset the cost of supporting infrastructure have yet to be defined. This will be the key point of discussion at the workshops in January 2015 as we want to get the right balance between incentivising a reduction in cost, and enabling the purchase of these vehicles now.
- 3.13** Funding cannot be used to meet outstanding payments for buses already ordered or bought commercially or through the Green Bus Fund. But it can be used to turn an existing order for standard buses into an order for low or ultra low emission buses.
- 3.14** Bids for a large number of buses are likely to benefit from economies of scale. When the bidding guidance is released, OLEV will encourage bidders to consider joining with others to put in a larger bid.
- 3.15** The Bus Service Operators Grant (BSOG), and its associated low carbon bus incentive, is currently being reviewed. Any changes to these are unlikely to be implemented until after the bidding period has ended. However, in reviewing the existing arrangements, we are very aware of the role that the incentive has played in encouraging the greater use of more environmentally friendly vehicles.

## Infrastructure

- 3.16** Bidders will be requested to make clear how many low or ultra low emission buses their infrastructure requirement will enable them to procure. The evaluation criteria are designed to reward bids which enable the funds to go further, and procure as many low emission buses as possible
- 3.17** OLEV will not be setting a maximum cap for each type of infrastructure, but instead assessing each bid on the merits of what the infrastructure will unlock in terms of supporting number of buses and overcoming genuine barriers to uptake in vehicles.



- 3.18** Bidders are therefore asked to set out a clear strategic rationale for why they need funding for infrastructure to support their long term vision.

## State aid

- 3.19** OLEV will be submitting a full State Aid notification for the Bus Scheme grants. Our timetable is designed to allow sufficient time for this to be confirmed before grants are awarded to local authorities and bus operators. However, because we do not yet have this State Aid clearance, we cannot guarantee that entering the scheme will result in a grant being awarded.