

Submission to the Spending Review 2025 Intelligent Transport Systems UK

Intelligent Transport Systems UK (ITS UK) welcomes the opportunity to submit a representation to the Spending Review on behalf of our members.

We would be happy to provide further information on any of the submission provided below - please email **Public Affairs & PR Executive Eduardo Pitts**, at Eduardo.pitts@its-uk.org.

The Value of Intelligent Transport

Intelligent transport systems (ITS) support the UK transport network through technology. The ITS sector covers disciplines like traffic management and enforcement, demand responsive transport, road user charging, mobility as a service (MaaS), integrated transport, connected and autonomous vehicles, smart ticketing, data and AI services and much more.

With the current Government's plans to kick-start growth on a regional and national level, the recommendations below outline policies the Treasury could implement to stimulate the use of technology across transport modes, creating efficiency savings, tax revenue, and greater uptake of public transport.

We believe ITS has a central role to play in delivering the Government's five missions. In this submission, we have summarised our key asks for Government and how they relate to those five missions. For further information about all our recommendations, we would suggest looking at ITS UK's Manifesto for the Future of Transport.¹

The intelligent transport sector has a number of benefits:

- It is a key strategic industry of economic value to the UK. The sector is conservatively valued at £1.5bn and has the potential to generate £15bn a year for the UK economy. It supports highly skilled job opportunities across the country and is a burgeoning export, with UK expertise valued across the world.
- It provides a safer, more efficient transport network, helping deliver Vision Zero on the road network and protecting passengers on the bus and rail network.
- It enables better information and customer engagement, can give the travelling public more choice in their journeys, and better awareness of the modes and services available to them.
- The intelligent transport sector will be vital in decarbonising the transport network, by reducing congestion as well as informing and incentivising the travelling public to low carbon forms of transport.
- ITS has a key role in optimising the usage of our transport network, by making best use of current infrastructure assets. This can help the Government 'do more with less', providing cost efficiencies at a time of a constrained public purse.

¹ [A Manifesto for the Future of Transport, ITS UK](#)

About Intelligent Transport Systems UK (ITS UK)

Intelligent Transport Systems UK (ITS UK) is the national membership association for transport technology. We provide a national platform to support the roll out of technology for a cleaner, safer and more effective transport network, both at home and abroad.

ITS UK has 175+ members, from both the private and public sector, and covering all sizes and disciplines. More information on ITS UK and the intelligent transport sector can be found at www.its-uk.org

Summary of Recommendations

- Introduce a mobility pricing, that incentivises the fairer and sustainable use of the transport network.
- Leverage technology to achieve the UK's ambitions for the road network, particularly in the upcoming RIS3 and through support for enforcement and safety technology.
- Support the uptake of Demand Responsive Transport through reform of VAT for on-demand buses.
- Support a different approach to the procurement of transport technology that allows for more operational expenditure for local authorities.
- Support a strategic approach to the integration of transport, through open data, micromobility legislation and smart ticketing.

1. Introduction of Mobility Pricing

The Government will likely see a £35 billion revenue shortfall from declining fuel duty as the UK vehicle fleet becomes more and more electric. ITS UK proposes a national, distance-based smart road user charging scheme with the aim of reducing pollution and encouraging alternative transport modes. It is critical that any mobility pricing scheme avoids the pitfalls of being seen as another “another tax”, which will require thorough public consultation and a clear process of implementation.

The scheme would ensure interoperability across regions –similar to systems in other countries – and support those most in need, ultimately laying the groundwork for a fair, sustainable transport network.

Recommendation 1: Introduce a mobility pricing, that incentivises the fairer and sustainable use of the transport network.

Missions this would support: **Growth** **Climate**

2. Support the roll out of technology across the road network

ITS UK urges the Government to adopt a technology-led approach in supporting the transport network, including in the upcoming Road Investment Strategy (RIS3), setting the funding for the Strategic Road Network in England. By developing a long-term National Motorway

Technology Transition Strategy, the Government could coordinate the integration of new technologies with the maintenance and systematic renewal of existing assets.²

The Government should also look to support transport safety, particularly on the road network, where Killed and Seriously Injured (KSI) incidences occur too frequently. We believe a wholesale review of the Home Office Type Approval process for enforcement technology would support this ambition, by providing a robust but effective way for road safety device manufacturers to get approval for life-saving technology.³

We would also urge the Government to consider how it can support the growth of a burgeoning noise camera market in the UK, with recent polling showing strong public backing for the enforcement of excessively noisy vehicles.⁴

Recommendation 2: Leverage technology to achieve the UK's ambitions for the road network, particularly in the upcoming RIS3 and through support for enforcement and safety technology.

Missions this would support: **Growth** **Climate** **Safety** **Health**

3. Support the uptake of Demand Responsive Transport through reform of VAT for on-demand buses

Demand Responsive Transport (DRT) plays a key role in connecting communities around the UK, particularly for rural areas where there are limited transport options.

To enable DRT schemes to flourish, ITS UK recommends removing the VAT on smaller vehicles used in DRT schemes and placing the service on its own regulatory framework. This change would encourage operators to use appropriately sized, cost-effective vehicles instead of larger, less efficient ones, reducing both operational costs and environmental impacts while alleviating driver shortages.

Adopting this approach would promote a more flexible, innovative public transport system and would enable those in rural communities to have the same access to local services that those in more connected areas have.⁵

Recommendation 3: Support the uptake of Demand Responsive Transport through reform of VAT for on-demand buses.

Missions this would support: **Growth** **Climate** **Health** **Opportunity**

4. Supporting long term funding for Local Government

ITS UK is urging for a fundamental shift in local authority funding models from short-term, project-based capital expenditure to longer-term operational funding that can sustain critical investments in all types of technology, including transport technology.

² [More information can be found in ITS UK's Future State of the Motorway Network Report](#)

³ [Let's Get HOTA Working Campaign](#)

⁴ [Further information can be found in ITS UK's Noise Cameras: Where Next? Report](#)

⁵ [Submission to the Transport Select Committee Inquiry into Buses Connecting Communities](#)

By securing multi-year funding settlements and leveraging the principles of the new Procurement Act – such as prioritising whole-life costs, quality, and broader societal benefits – local authorities can better adopt and maintain innovative, software-driven solutions.

Through a more strategic approach to funding, with multi-year settlements, local authorities will be enabled to support a more consistent, efficient deployment of technology that enhances service delivery and supports the development of an intelligent transport network.

Recommendation 4: Support a different approach to the procurement of transport technology that allows for more operational expenditure for local authorities.

Missions this would support: **Growth**

5. Create an integrated transport system with seamless journeys for the travelling public

ITS UK believes that technology can help deliver a more seamless, user-friendly transport network. We welcome the Department for Transport’s plan for an Integrated National Transport Strategy and would urge technology to play a central role in the document.

We believe open and smart data will have a key role to play in integration. By bringing together data sets such as the Bus Open Data Service (BODS), Find Transport Data, Rail Data Marketplace, Digital Traffic Regulation Orders, the National Parking Platform and data from mayoral transport authorities like TfL, the Government can provide a real-time image of the transport network, thereby giving the public the most up-to-date information on their journey. Government should look to ensure this data is interoperable, of a high quality and can be used across modes to support an integrated transport network.

Micromobility will play a critical role in the Government’s vision of an integrated network. ITS UK recommend the Government introduces legislation on micromobility and e-scooters, in order that the schemes currently being run as trials can be placed on a permanent footing in a way that prioritises the safety of all road users.

Finally, ITS UK would also encourage the Government to support investment in multi-modal smart ticketing across the UK’s nations and regions, so that all users can have easy access through with pay-as-you-go ticketing across public transport

Recommendation 5: Support a strategic approach to the integration of transport, through open data, micromobility legislation and smart ticketing.

Missions this would support: **Growth** **Climate** **Health** **Opportunity** **Safety**

Intelligent Transport Systems UK
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