



Southeast Scotland Transport Partnership

PTA models of organisation for regional transport governance

Report

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1. PURPOSE AND STRUCTURE OF THIS REPORT

1.1 Purpose

This report has been produced by the Transport Research Institute, Edinburgh Napier University (TRI) on behalf of SEStran. The main purpose is to provide evidence and expert opinion on the benefits and possible disbenefits for the SEStran area in transitioning to a Model 3 Regional Transport Partnership (RTP), as defined under the 2005 Transport (Scotland) Act. In so doing, it describes the various models of passenger transport authority (PTA) that exist in Britain and elsewhere in Europe, and as far as possible based on evidence, discusses the advantages and disadvantages of each model.

1.2 Report structure

The report first considers what a Model 3 RTP is, and how this differs from SEStran's current statutory basis. It then describes the various other forms of (passenger) transport authority that exist in Scotland and England at present, and a generic model from northwestern countries of continental Europe. (The word "passenger" is in parentheses since a limited number of such bodies also have some powers over roads and/or land use planning.) From this it distills six models of (P)TA which are each described in terms of their responsibilities, finances and governance.

The six models are then discussed in relation to a number of challenges faced with regard to transport by the SEStran region at the present time. The purpose of this section is to consider which models are best placed to deal with these challenges, which were outlined in the client's project specification.

Finally, some specific issues related to the possible make-up of a SEStran Level 3 Partnership are discussed, as is the experience of local authorities in the north east of England that have recently voluntarily moved to a Combined Authority model (effectively, a form of PTA).

2. DIFFERENT FORMS OF (P)TA

2.1 What is a Model 3 Regional Transport Partnership and how does it differ from what SEStran is now?

Regional Transport Partnerships were created by the Transport (Scotland) Act 2005. The RTP elements of this legislation were intended to create an effective regional level of transport governance in Scotland that was perceived by the then government to have been missing since the creation of an entirely unitary district model of transport governance in 1996, and the abolition of the then regional councils. However, rather than move to a single model of regional transport governance, the 2005 Act set up RTPs as "Model 1" partnerships with limited powers; but with the option for Ministers to make orders to turn RTPs into organisations with a wider range of powers ceded from and with the agreement of their constituent local authorities – so called Model 2 and Model 3 partnerships.

The key statutory duty of a Model 1 RTP is to produce a Regional Transport Strategy (RTS). A Model 1 RTP could be granted some powers to run concurrently with local authorities in the region to enable it to implement aspects of the RTS. The example cited in the 2004 Scottish Government consultation paper on RTPs was where the RTP might take powers to implement bus priority measures as part of regional Quality Bus Corridors, but the local authorities also retain road maintenance powers for those same corridors. In the case of SEStran and other Model 1 RTPs, however, they have to date taken on no additional powers or functions that run concurrently with those of their constituent local authorities.

In the 2005 Transport (Scotland) Act the additional functional (as opposed to administrative) duties and powers of a Model 1 RTP are listed as follows:

- Acquiring and disposing of land, including by compulsory purchase, where this is required for the discharge of its duties;
- Promoting or opposing private legislation;
- Participating in community planning; and
- Creating a company.

In addition, the functions that may be taken on by a Model 2 or Model 3 RTP are described as follows in Section 10 of the Transport (Scotland) Act:

“The functions which may be the subject of an order under subsection (1) above may, without prejudice to the generality of that subsection, include any of the following—

- (a) those conferred on local transport authorities by or under Part 2 of the Transport (Scotland) Act 2001 (asp 2) (bus services) and Part 3 of that Act (road user charging);
- (b) those conferred by or under any enactment and which relate to the management and maintenance of a bridge constructed in pursuance of functions conferred by, or by an order made under or confirmed by, any enactment;
- (c) those conferred on traffic authorities by sections 1 to 4 of the Road Traffic Regulation Act 1984 (c.27) (traffic regulation orders) and on local traffic authorities by section 19 of that Act (regulation of use of roads by public service vehicles);
- (d) those conferred on councils by sections 63 and 64 of the Transport Act 1985 (c.67) (securing the provision of passenger transport and related consultation and publicity).

The following are examples of the functions which may be the subject of an order under this section—

- (a) entering into quality partnership schemes;
- (b) entering into quality contract schemes;
- (c) entering into ticketing arrangements and ticketing schemes;
- (d) providing information about bus services;
- (e) installing bus lanes;
- (f) providing subsidised bus services;
- (g) making and implementing road user charging schemes;
- (h) operating ferry services;
- (i) managing tolled bridges;
- (j) operating airports and air services;
- (k) entering into public service contracts.”

Whilst other the granting of other transport functions (e.g. road maintenance, road safety or parking enforcement) are not explicitly prohibited by Section 10, it is clear that the intention of the Act was that Model 2 and Model 3 RTPs would primarily concern themselves with public transport, and road pricing.

Currently in Scotland three Model 3 RTPs exist, SPT in much of the former Strathclyde area, SWESTRANS and ZETTRANS. These latter two RTPs have only one constituent council, respectively Dumfries and Galloway, and Shetland Islands. The functions ceded by these Councils to their RTPs are defined in relevant Statutory Instruments (passed in 2006) and are as follows:

For ZETTRANS and SWESTRANS, the functions transferred wholly to the RTP include those relating to local travel concessionary schemes, making quality partnership and quality contract schemes, ticketing arrangements and ticketing schemes. The function of making traffic regulation orders (TROs) and functions relating to the provision and maintenance of bus shelters are held concurrently by both organisations.

For SPT, all the functions that were previously held by the former PTA and PTE transferred to the new Model 3 RTP, with the exception of rail powers, which moved to the Scottish Government. SPT does not have the functions of making TROs and the other bus shelter related functions of the two other Model 3 RTPs.

It can be seen that the functions actually ceded to these three RTPs are much more limited than the alphabetically numbered list in Section 10 of the Act.

2.2 Capacity of RTPs in Scotland

In the absence of other data the capacity of RTPs is measured here as the number of FTE staff that they employ, and their annual spend on staff. It can be seen that the two Model 3 partnerships do not employ more staff than their Model 1 partnerships, with the exception of SPT, which of course has many staff employed in operational roles in bus stations, on the Clyde ferries, in travel inquiry bureaux and on the Glasgow Underground.

Partnership	Staff numbers
SWESTRANS	Employs no staff directly. Four staff from D&G Council run the partnership.
ZETTRANS	Employs no staff directly. Staff from Shetland Islands Council run the partnership.
Tactran	6
Nestrans	8
SEStran	10
HITRANS	9
SPT	551 people, £22.386 million staff related costs (as of 31/03/2016, taken from SPT 2016 Annual Report). Central support functions cost approximately £2.7 million per year.

2.3 Governance and Finance of RTPs

There is no difference in the Act between the governance arrangements for Level 1 and Level 3 partnerships.

In terms of finance, all RTPs lost all direct Scottish government funding in 2010. They are all dependent on a levy on their constituent local authorities. It is not clear from the limited research that was conducted for this piece of work as to whether the funding available for the functions ceded to ZETTRANS and SWESTRANS increased when they took on those functions, in comparison to the situation when their constituent councils carried out those functions.

In Scotland, RTPs have no responsibility for concessionary fares schemes for older people, nor for the distribution of bus operators' service grant to bus companies: these are exclusively national government functions. SPT runs an integrated ticketing scheme, Zonecard, accepted by all operators of all modes in its area, but this was set up many years ago when SPT was a PTA/E. In addition, RTPs, whether Model 1, 2 or 3 have no responsibility for securing rail services (whereas, prior to 2006, SPT was a signatory to the Scotrail franchise).

2.4 Other forms of passenger transport authority

2.4.1 Passenger Transport Authorities and Executives in England (PTAs and PTEs)

History and current functions

The 1968 Transport Act created Passenger Transport Executives as public transport coordinating and operating bodies in the metropolitan areas of West and South Yorkshire, Greater Manchester, Tyne and Wear, Merseyside and the West Midlands. In the regulated and publicly owned bus system that obtained prior to 1986, these PTEs were the main bus operator in their area, set service levels, subsidised fares and secured additional local rail services from the publicly owned operator, British Rail. They owned and operated bus stations, bus depots, and other transport infrastructure such as ferries, the Glasgow Underground and the Tyne and Wear Metro. They also promoted the construction of new transport infrastructure such as the Tyne and Wear Metro and many new railway stations.

From 1974, when metropolitan counties were created in England and regions in Scotland, the PTEs became accountable to and in part funded by their respective county or regional council. When the counties were abolished in England in 1986, the PTEs became accountable to and part-funded by a Passenger Transport Authority made up of elected members from their constituent district councils. At the same time they gradually stopped being bus operators (as their bus companies were subject to management buyouts) and could no longer specify bus services or fares in their areas due to bus deregulation under the 1985 Transport Act. They remained responsible for public transport coordination and securing socially necessary bus services, continued to run all operator integrated ticketing schemes, and continued to promote schemes such as Manchester Metrolink and Sheffield Supertram. From 2006 onwards they became the coordinating bodies for local transport strategy in their area in the English Local Transport Plan regime, a role that became statutory under the 2008 Local Transport Act in England. Also in 2006 all PTEs except for the one in Merseyside lost the role in assisting in specifying their

local rail franchise that they had had since 1993; although they still receive subsidy from DfT to pass on to rail operators running local rail franchises in their areas.

The Local Transport Act was also very important in creating the successor to PTAs, called Integrated Transport Authorities (ITAs). These ITAs could in theory take on more functions from their constituent local authorities, in the same way as RTPs are able to, subject to the agreement of those local authorities, and could also include more local authorities from beyond the original PTA/E boundary. In practice, none did so. In the 2009 Local Democracy Act (as amended by the Cities and Local Government Devolution Act 2016) the ITAs were themselves superseded by Combined Authorities (CAs) and in some cases the separate PTEs were subsumed into the CAs. Compared to the PTAs that existed before 2008, CAs:

- Cover a bigger area (e.g. West Yorkshire CA includes the City of York, which was never part of the ITA or PTA before it).
- Can take on additional functions from Unitary District Councils such as highways (roads) functions – although as yet this has been limited only to a few powers in Greater Manchester.
- Advise on the specification of relevant rail franchises – although the statutory role remains exclusively that of DfT and ORR.
- **In future** they **may** have bus regulation powers over and above those in the 2000 Transport Act and the 2008 Local Transport Act (both pieces of legislation cover England and Wales only).
- Have some responsibilities and competence in the areas of economic development and training. The legislation that enables CAs to be set up is very broad in the scope of functions that could move to a CA, and they could move from either national or local government, but they are to be stipulated in the order setting up each CA.

CAs have led on the development of City Deal equivalents in England for their regions. They have been instrumental in securing additional transport infrastructure funding and permission to borrow; for example, in the case of Greater Manchester, some £1.5 billion over 10 years.

Since the creation of the national concessionary minimum fares entitlement in England in 2006, PTEs have been responsible for operating the concessionary fares scheme for bus in their area, for which they receive grant from central government. If this grant does not cover their expenditure on the nationally determined entitlement, they must make savings in other areas in order to continue to deliver free concessionary travel on bus. They are not responsible for the distribution of BSOG (bus service operator's grant, formerly known as fuel duty rebate).

Capacity

PTEs and their descendants in England have much greater organisational capacity in relation to public transport than the county and unitary councils in other areas. The reasons for this are primarily historical: set up as new organisations in 1968 with a specific remit to improve (socially necessary) public transport in their area, they were resourced accordingly. This level has been eroded over the years due to reductions in government spending but it remains greater than in non-CA areas.

Governance

The legislation for Combined Authorities does not stipulate precisely their governance, other than that they must be run by board composed of at least one elected politician from each of the constituent local authorities. In practice, the CAs now in existence have one to two members from each constituent local authority (in West Yorkshire, for example, there are 9 elected members from 6 councils), and a representative of the Local Enterprise Partnership as a non-voting member. Votes are not weighted by population and in the event of a tie a vote is deemed not to have passed. In the future some CAs will have an elected Mayor.

Finance

In the main at present CAs receive funding directly from national government, related to their former role as PTAs and PTEs. They also place a levy on their constituent local authorities. Transport capital investment comes from national government but it must compete with other training and economic development spending priorities – transport infrastructure funding previously allocated under the Local Transport Plan regime is no longer ring-fenced to transport. Mayors of CAs will have powers to increase council tax by up to 2 percentage points (if this is specified in the order establishing his/her CA).

2.4.2 Transport for Greater Manchester

This organisation is the transport arm of the Greater Manchester Combined Authority. As well as the public transport functions of the former ITA and PTE (similar to those of other CAs as described in the previous section), TfGM incorporates other transport functions, primarily related to data, modelling and performance monitoring of the regional and local road network. It also manages traffic signals across Greater Manchester, delivers some road safety activities, provides travel information for road users, and coordinates road works. Many of these functions transferred from joint units (funded by the 10 GM local authorities) that existed before TfGM was created, that were themselves created after the abolition of the former Greater Manchester County Council in 1986 in recognition of the value of and economies of scale achievable from a conurbation-wide approach to the provision of these services. Finally, TfGM owns the Metrolink light rail system, which is operated by a contractor, currently Transdev.

TfGM is governed by a committee of the Combined Authority, made up of 33 councillors from the 10 Manchester districts. Certain key decisions, primarily related to finance, are referred up to the CA governing board.

The scale of funding available to TfGM is significantly greater than for the transport arms of other Combined Authorities. This is primarily because Greater Manchester secured with the previous Chancellor of the Exchequer agreement for the Greater Manchester Transport Fund. This released additional funding from central government, and permissions to borrow, for investment in transport projects that are intended to increase regional gross value added (GVA) more than it would have increased in the absence of these projects. The total value of the fund is around £1.5 billion at 2012 prices, over ten years. The borrowing is to be repaid from an additional Council tax levy and from Metrolink fares surpluses. The investments cover mainly extensions to the Metrolink network, public transport interchanges, new bus links, a busway and some limited road construction.

The revenue budget for TfGM is outlined in Figure 1, below.

How money is spent	2011/2012
Support for concessionary travel	£66.4m
— Concessionary support is the money we pay to all operators, including bus, rail and Metrolink, to compensate them for the income they lose in providing free or reduced fares for those entitled to concessionary travel. In 2011/2012, we spent £66.4 million on concessionary support.	
Supported bus services	£31.2m
— We provide bus services when it is not considered economically viable for operators to provide commercial services, and if there is a need for communities to have access to jobs, health and education. We do this by designing and subsidising bus services to fill gaps in commercial operators' services. We also subsidise demand-responsive transport services (branded "Local Link") using community transport operators or taxi companies. We also provide dedicated school services throughout Greater Manchester for young people.	
Accessible transport	£6.1m
— Not everyone in Greater Manchester can use conventional public transport services so TfGM invests in services such as Ring and Ride which help to get more people to where they need to go. The expenditure also includes additional grants for travel training and a travel voucher scheme.	
Passenger facilities, services and support	£38.5m
— We use this money for a range of services to help passengers, such as the provision of passenger information, the operation and maintenance of bus stations, safety and security, Travelshops and bus shelters. It also covers activities such as consultations and support costs for TfGM Committee and since April 2011 has included traffic signal maintenance.	
Rail grant	£82.0m
— This money is given to us by the Department for Transport. We then pass on these funds to Northern Rail, the main rail franchise operator in Greater Manchester, and keep a small amount to support our activities in promoting and monitoring train services in the area.	
New responsibilities	£1.4m
— The change to TfGM in April 2011 meant new functions were added to the role of the organisation and which needed to be funded. The specialist teams which performed these tasks as parts of other public bodies are now part of the TfGM organisation.	
Financing	£57.0m
— This is the cost of investment in major transport capital programmes for Greater Manchester, such as Metrolink and the other schemes included in the Greater Manchester Transport Fund. This includes the cost of borrowing repayments and interest.	
	£282.6m

Figure 1 – revenue spending by TfGM, 2011/12 (from TfGM Annual Report 2011/12)

2.4.3 Transport for London (TfL)

TfL was set up under the 1999 Greater London Act, which also created the elected body, the Greater London Authority (GLA), of which TfL is the transport executive arm. TfL brought together the former London Transport and the Office of the Traffic

Director for London which prior to the creation of the GLA were accountable to boards appointed by the Department for Transport. TfL is responsible for all aspects of highway management and development on London's strategic road network, for the underground, for buses, for light rail and for rail services operating wholly within Greater London. It directly owns and operates the underground, whilst other public transport services are operated by private companies under contract to TfL in a regulated environment in which TfL sets fares and services, both routes and frequencies.

TfL is accountable to a board appointed by the Mayor of London and it takes its strategic direction from the Mayor's Transport Strategy, a document prepared by the GLA. The GLA also has a strategic land use planning function, meaning that there is some institutional alignment between strategic land use and transport planning. The Mayor governs the GLA with its nine elected members acting as a scrutiny body, although also one that approves the Mayor's budget.

The GLA receives government grant for its operations and permission to borrow for its investments. In addition the Mayor levies an additional Council tax.

For 2016/17 TfL's total turnover is budgeted to be around £10.4 billion. Some £4.8 billion of this is planned to come from fares (46%). Of the balance:

- £1.4 billion will come from government grant (for capital and operations);
- £1 billion will come from local business rates (including some £159 million from incremental business rates from a specific enterprise zone used to part-finance an extension of the northern Line into that zone) and council tax;
- £2.1 billion will come from borrowing and cash reserves; and
- Around £900 million will come from property, advertising and congestion charge income.

The grant, business rate and council tax income equates to about £300 per head, given a Greater London population of 8 million (compared to £72 per head in Greater Manchester, although bear in mind that TfGM has no roads functions). The direct government grant for general operations (£447 million) is due to be phased out over the next 2-3 years and due to this TfL is aiming to be self-financing in its operations by 2019. Nonetheless, its funding from tax will remain high in relation to other public sector public transport bodies in Britain. (Source of all financial data: TfL Annual Report and accounts 2016.)

2.4.4 Continental northern European PTAs

In countries such as Denmark, Netherlands, Sweden, Norway, France and Germany it is typical to have a form of regional passenger transport authority. These vary as follows:

- Some report to directly elected regional councils whilst others are accountable to a board made up of elected members from constituent districts and cities.
- Some are funded by direct government grant, whilst others receive funding from regional taxation, and others from a levy on constituent authorities.
- Some are responsible for bus, tram and rail, whilst others cover only bus and tram.

The important commonality is that there is a public sector regional public transport body that runs public transport in its region either by awarding competitively tendered contracts to private operators to run public transport services or by a directly awarded concession. This body sets fares, routes and frequencies, is responsible for (integrated) ticketing, and coordinates services and carries out marketing. This body is in some way politically accountable and it receives a portion of its operating costs from taxation, and the rest from fares. Since none of these countries ever previously deregulated their local or regional public transport services, these regional public transport bodies have developed from an earlier public sector model – typically ownership and direct operation of local public transport by individual local authorities.

An example of such a body for which financial information is readily available is the PTA in the Skåne region of southwest Sweden. The PTA is part of Region Skåne which is a directly elected regional council. It sets public transport policy and finance. Planning, tendering, ticketing and marketing of local and regional buses and regional trains is carried out by its 100% owned executive arm, Skånetrafiken, which also owns the rail depots and trains needed to run regional rail services. Services are provided by private operators running under gross cost contracts to Skånetrafiken. Some 1.25 million people live in Skåne and around 152 million public transport trips per year are made. A monthly all modes season ticket costs around £120. Operations are subsidised at an annual cost of £177 million (2013, cash prices, 10.5SEK=£1 (excluding annualized capital costs of rail depots)). This subsidy amounts to £1.16 per trip across bus and rail combined. (Source: Region Skåne, 2015.)

3. CURRENT CHALLENGES AND HOW DIFFERENT PTA MODELS COULD ADDRESS THEM

3.1 Introduction and caveat

The client has asked how well different models of PTA, and specifically a Model 3 Regional Transport Partnership, are equipped to deal with current challenges and to deliver outcomes that are important for its constituent authorities and relevant to the planned City Deal. In this section, each of the five models of PTA described in the previous section of the report is evaluated in relation to the challenges specified by the client. The wording of this challenges as set out in the brief for this report is reproduced in the subheadings of the report's following sections.

The evaluation here is based on the form and organisational capacity of each of these 5 models of PTA currently in existence. This is an important point: it should not be assumed that a *new* Model 3 RTP in the SEStran area (or other model of PTA, should new legislation permit this) will necessarily have the same organisational capacity as PTAs of the same model that currently exist. This is because, as pointed out earlier, much of the capacity of existing forms of PTA results from their history. However, since it is outwith the scope of this report to try to predict the capacity of a new PTA of a given type, this report has to take the capacity of existing PTAs of each type as its starting point. This issue should be borne in mind when interpreting the results.

3.2 Planning and delivering transport solutions for all modes of transport across the region

The ability of an organisation to deliver “transport solutions” depends on its functions, finance and capacity. A limited number of transport solutions thought by the authors to be of particular interest to this study are listed in the following table, together with the numbers of each solution delivered in different areas of Britain in the since 2000, and showing the number delivered in Model 3 RTP or CA areas. Given the scope of the study and in view of data availability, the list of transport solutions covers only public transport. The table excludes London because of its high level of public finance and very different powers but includes Scotland and Wales.

Table 1 – Transport solutions and where they have been delivered

Transport solution	Number delivered since 2000 (of those, number in CA or Model 3 RTP areas)
New tram and light rail lines (including extensions of existing networks)	11 (7)
New busways of any length	11 (6)
Railway lines reopened to passengers	12 (4)
New railway stations	58 (12)
Statutory quality bus partnerships	6 (1)
Multi-operator ticketing	Many urbanised counties/unitaries in England (7)
Public sector control of bus routes, fares and frequencies through franchising	0

It can be seen that in cases relating to new busways, light rail and quality partnerships, the CAs have been most active. However, rail is a rather different story, with the majority of new stations and railway lines (re-)opening in non-CA areas, particularly since 2005, when CAs lost their direct rail powers. Scotland and Wales have predominated in the new railway line and station statistics since then, reflecting the greater powers acquired by their national administrations over rail in 2005. In addition only one area, a CA, Tyne and Wear, made an attempt in 2015 to get formal permission from central government to move to a franchised system for its bus network, but its application was refused. In contrast, the TfL area and continental PTAs have this power.

In relation to multi-operator ticketing, the Local Transport Act (2008) in England and Wales marked a major change as it allowed operators to collaborate on delivering ticketing without fear of breaking competition law. Since then, a large number of multi-operator ticketing schemes have developed in English areas outside the CA areas. Prior to 2008, other than the CA (then PTE) areas there were very few such schemes. Those within CA areas are multi-modal whereas outside CA areas they are limited mostly to bus; and the market share for these tickets is higher in CA areas, with Tyne and Wear's multi-modal multi-operator ticket used by around 10% of passengers. However, in no case in any area is the multi-operator ticket cheaper than a comparable single-operator product.

In the TfL and continental PTA areas, multi-modal ticketing does not distinguish between operators – fares are the same regardless of operator used and are usually based on the number of fare zones travelled through. (London makes a distinction between fares for rail/underground and bus travel; other areas usually do not.) In northern continental Europe, period passes generally offer far better value for money than single tickets; an adult monthly pass for all modes in Skåne, SW Sweden, costs around £120, whilst an annual all modes (tram, metro, train and bus) pass for the Munich metropolitan region costs €795.

It is not possible to be definitive about the reasons why CA areas deliver more in some areas but it is likely a combination of greater capacity, some additional finance, and the fact that they speak to national government on behalf of a very large number of people in each region, in comparison to most unitary authorities outside CA areas. (This has particularly been the case in Greater Manchester.) It is also clear that changes in national legislation relating to rail and to ticketing have influenced CAs' ability to deliver in comparison to non-CA areas. The ability of TfL and continental models to deliver is because they have similar organisational capacity but in addition they contract operators to run their services in a regulated environment, and the PTA retains the fares revenue which it can use to cross-subsidise from more profitable to unprofitable routes.

3.2.1 Economies of scale in delivery and Resilience

An argument for delivering transport services at a regional rather than local level is the potential to achieve economies of scale – more or the same service delivered with less financial input. The workforce size of each of the English CAs, including their transport arms, and their salary bills, are shown in the table below (sourced from the annual report and accounts of each organisation). These data may not be 100% accurate because of the definition of which staff work for which organisation, but they provide an order of magnitude impression and should be compared with the

data in Table 1 regarding the number of staff employed in the Scottish RTPs. Of course, the majority of the CAs below employ relatively large numbers of staff involved in operations such as Tyne and Wear Metro (which employs 330 of the staff at Nexus). Nonetheless, a relatively large number of staff are employed in strategy and planning roles also.

Table 2: Staff costs and numbers at English CAs and PTEs or equivalent

Authority	Salary bill 2015/16 (£000's)	Total employees
WYCA including former WYPTE	11,740	454
Nexus (Tyne and Wear PTE)	27,775	597
South Yorkshire (SCRCA) including SYPTE	5,477	230
Merseyside CA (LCRCA) including former Merseyside PTE	22,511	819
West Midlands CA and former PTE	14,002	341
Transport for Greater Manchester	24,023	707

In terms of staff employed to plan and procure tendered bus services compared to the budget spent, it is helpful to compare Nexus (Tyne and Wear PTE) with SEStran. In five authorities in the SEStran area, CEC, Fife, Falkirk, SBC and Midlothian, some 12 staff are employed to work solely or partly on this task. In total they allocate a budget of some £9.93 million (2016/17) although it should be noted that this is dominated by Fife, with £5.5 million. At Nexus some 12 staff are employed to work solely or partly on the same task and to manage a budget of £7.9 million. Obviously these are only two examples and a more thorough analysis would have to be undertaken to draw full conclusions about the economies of scale or otherwise arising from the two governance models.

In addition to the resilience aspects, one further advantage of concentrating the staff responsible for this function within one organisation in a region is, as organisations lose staff in funding cutbacks, to retain some level of knowledge and specialisation in this function within the organisation. Where only one member of staff in an organisation is responsible for the function, if they are lost, their knowledge and skills are lost to the organisation. With respect to the function of tendering bus services, this loss of organisational knowledge is less likely to happen in Nexus than it is in a small unitary authority.

3.3 Positive pricing and fares integration

Fares integration in terms of multi-operator multi-modal ticketing was discussed in the previous section. The term “positive pricing” is taken to mean, for example, limits to fares increases, or fares set in relation to affordability, or to their comparability with motoring costs. With respect to bus fares, the only powers that any public authorities in Britain outside London have over the fares set by operators on commercial services are contained in the 2008 Local Transport Act (England and Wales only). This permits a statutory quality bus partnership to include stipulations on maximum fares. To the author’s knowledge, the only QBP to do this are in the

Bristol Bath and Northeast Somerset area, an area with exceptionally high fares – for example, £5 single to travel 15km.

In areas such as SWESTRANS and ZETTRANS, where there are few or no commercial services, then the Model 3 partnership has a big influence over fares levels as it procures the vast majority of bus services in its area, for which it sets fares. Elsewhere, where subsidised tendered services form a small proportion of a much larger network, the tendering authorities must set fares on their subsidised services that are broadly in line with those on commercial services in the same area (i.e. they are not permitted by the 1985 Transport Act to “undercut” commercial fares). Where CAs are owners and/or operators of metros and light rail, as in the West Midlands, Manchester and Tyne and Wear, they have direct control of the fares on these services.

As noted above, TfL and continental European PTAs **do** set fares in their specific regulatory environments. Politically they are able to make the choice as to the proportion of public transport operating cost that comes from fares, and the proportion from tax. It is notable that over the past 10 years public transport fares in Norway, for example, have broadly mirrored changes in motoring costs, whilst those in Britain on both bus and rail have increased much faster. This has been achieved without significant increases in subsidies due to increases in efficiency driving down operating cost; however, now these efficiencies have been achieved, it may not be possible to keep down fares without additional subsidy.

3.3.1 Positive pricing for certain groups of travellers

People of retirement age

People of state retirement age and over, and disabled people, receive a national minimum concessionary bus fare of free travel on local bus services in England. They cannot travel in the morning peak on weekdays but otherwise travel is unlimited. In Scotland, the entitlement is more generous, as it starts at aged 60 and has no time restrictions. There is some evidence that the free concession has increased social inclusion for the poorest pensioners (e.g. Rye and Mykura 2006) and led wealthier pensioners to drive less.

CAs in England negotiate their own agreements with operators on reimbursement for the concessionary scheme in their area. They receive money from government to pay the reimbursement. However this often does not fully cover the cost of the scheme (due to its popularity, and its open-ended nature) such that the CA must either change the reimbursement mechanism to pay less to the operators, or it must take finances from other functions. The former mechanism can backfire since operators may respond by cutting services. In Scotland, the concessionary fares scheme is national and operators are reimbursed by Transport Scotland.

Unemployed people

Jobseekers across Britain are eligible for the JobSeeker plus card and major bus operators give a 50% discount on their fares with this card.

However, in addition, most CAs operate schemes providing jobseekers with free bus (and where available metro/tram) travel to interviews, plus a month’s free travel

once a job has been secured, so that people can afford to travel to work before their first pay packet comes in. This scheme was nationwide for a period around 2013 for anyone with a JobSeeker plus card, but has since been scaled back. The only area that appears to operate it currently that is **not** a CA is the City of Nottingham. Between 2003 and 2014 this scheme is estimated to have helped 13,000 jobseekers back into work in the West Midlands alone (source: Centro, 2014). Another evaluation in one part of the West Midlands found that over 80% of those who used the scheme would have found it extremely difficult to access job opportunities without the scheme (Urban Transport Group, 2015).

3.4 Improved cross-regional mobility for regional labour, training and employability; and improved community connectivity

In Britain outside London the primary power that CAs, Model 3 RTPs and local authorities all share in regard to these outcomes is the ability to secure “socially necessary” services under subsidised contracts with bus operators, to run services in places and/at times where there are no commercially provided routes. For example, in the West Midlands (personal communication, October 2016):

Subsidised bus services – a range of tendered ‘socially necessary’ bus services provided by Transport for the West Midlands (TfWM) under successive Transport Act duties – top-up the commercial network at certain times/places, and add around 11% more bus kilometres to the network.

TfWM assesses local needs for tendered services, using Accessibility Planning techniques for large changes to the network, and also ensuring a maximum 400m walk from urban households to their nearest bus stop. Tendered service needs are also prioritised on journey purpose – with work and school journeys given highest priority, all subject to a minimum level of demand, and value for money (cost/demand) test.

Operating tendered services cost £7.4M in 2015/16, a small reduction from the previous year, reflecting continued pressure on funding. The funds purchased 11.8m bus kilometres, which saw 10.9m boardings. Bus kilometres and boardings figures have also reduced year-on-year, but boardings on tendered services are still 4% of the total.

There is evidence from individual case studies that CAs have used their subsidised bus service budgets to take very specific and successful steps to improve access to employment. An example, taken from Urban Transport Group (2015, p 7) is as follows:

SOS is the largest online fashion store in both the UK and Europe. ASOS partnered with Unipart to manage its European distribution centre when it relocated to South Yorkshire. ASOS Unipart began recruiting in early 2011, teaming up with Jobcentre Plus they sought to draw candidates from a jobseeker market of largely semi-skilled people aged 19-25 from the local area.

Initial survey data showed that more than 75% of candidates did not drive or have access to vehicles. This made it nearly impossible to get to the site, where buses were infrequent and there were no evening or Sunday services. Jobcentre Plus was finding that up to 92 potential candidates per week were unable to accept or apply for a role at ASOS. In response, South Yorkshire

PTE, in partnership with local bus operators, altered bus routes stopping at the site and adjusted and expanded timetables to match shift patterns.

Following the alterations, bus patronage on the enhanced services grew from 108 in the first week of service in late June 2011, to 831 per week in September 2011. The bulk of this increase is likely to represent people connected to jobs that they otherwise could not have reached.

However, it is not clear whether schemes like this are more likely to be provided in CA than non CA areas. From the point of view of this report, the key general issue is whether CAs and Model 3 RTPs can deliver more socially necessary bus services, and if so whether they do so more efficiently, than their unitary authority counterparts. Whether they can deliver more is primarily related to funding, although also to the competitiveness of the local market for tendered services as well as its operating conditions; and whether they can do it more efficiently relates to their capacity, expertise and ability to achieve economies of scale and secure a better deal from their bidders.

An analysis of Bus and Coach Statistics for Great Britain (DfT, 2015) shows that the CAs in England deliver exactly the same proportion of the total socially necessary bus mileage in England as they have population: 26% of the supported bus mileage and 26% of the population (excluding London) in 2015 (down from 38% of the total supported bus mileage in 1987). By virtue of course of their small geographical area, this means that the density of this service is higher in the CA areas than in counties and unitaries outside, but this will not necessarily be the case if the CAs grow geographically (as the northeast CA already has) without a growth in their supported services budget. In terms of spend, the CAs account for 41% of the total £302 million spent on supported services in England outside London in 2014/15. They spent £10.50 per person on these services in that financial year, whilst non-CA areas spent £8.10.

On top of this should be added revenue support to metro services Tyne and Wear of around £35 million per year; and to rail services in all CA areas (which is a grant direct from DfT which the CAs then pass on to operators). In general these figures imply that more is spent on subsidy to public transport services in CA areas than outwith these areas, supporting a denser network of socially necessary services.

The Merseyrail franchise is rather unique in the British rail system and therefore worthy of note. Although run by private operators, they provide a service under gross cost contract to the transport arm of the Merseyside CA, which then takes the revenue risk for the network. The network consistently achieves levels of service, service quality, investment and customer satisfaction that are well above average. However, the subsidy (which comes from the DfT, to Merseytravel) is the highest in the industry, at £86.2 million in 2014/15 – around £80 per year for each person in the CA area, and 12.4 pence per passenger km (compared to a national average negative subsidy (i.e. payment to DfT) of 1.3 pence per passenger km).

Because several CA areas have light rail or metro, and in most of these they control the fares and because, for historic reasons, rail networks are denser in the CA areas than outside them (except for in London), they receive more rail subsidy than non CA areas, then in total the density of the subsidised public transport network is far higher than outside the CA areas. However, without extremely detailed analysis it is not possible to quantify this density, but all other things being equal it means that

access to jobs and community connectivity will be higher in the CA areas than outside them. Nonetheless, it is crucial to remember the role of historical funding decisions in producing this situation; creation of a new CA or similar will not automatically replicate the situation in existing CAs.

3.5 Provision of transport for people with disabilities and intersectionality across groups

Disability, race and gender often overlap to create and interdependent systems of discrimination or disadvantage; this is intersectionality. Public transport services that meet the needs of one group of people, for example disabled people, are also likely therefore to have beneficial impacts on people suffering from other forms of disadvantage. Demand responsive public transport created primarily for disabled people will also help people without a disability but living in poverty in areas without conventional public transport to reach the services, and jobs, that they need, for example. Another example of intersectionality is in relation to gender. In almost all parts of the world – and Scotland is no exception to this - women are more likely than men to use public transport, and more likely to need public transport to balance work and caring responsibilities. However as Bramley et al (2016) also highlight, getting women into greater full time employment has significant positive impacts on the gender pay gap and in-work poverty

There is evidence from falling use of Dial a Ride services across Britain that disabled people may be moving to conventional public transport as those services become more accessible, and also to car, as evidenced by increasing use of Motability services (see Hunter, 2015). Nonetheless, there remains a large group of people whose disabilities mean that they cannot use conventional public transport vehicles or that they cannot walk to and from the stops/stations due to long walking distances and/or walking environments that have not been subject to the reasonable improvements that roads authorities have a duty to make under the Equality Act 2010 to make them accessible. In addition, in some areas there are simply no conventional scheduled public transport services. Therefore, these people depend on their car, if they have one and can drive; or on friends and family; and/or on flexible and demand responsive accessible transport services.

There is unfortunately no single “directory” of the services offered in different areas of the UK for people who have problems using, or have no access to, conventional public transport. It is also not always clear what type of service is provided in an area, since different service providers provide different services and information about them is not always coordinated. This also means that the information provided here may not be fully complete. However, based on the information available to the authors, three areas’ provision of flexible and accessible transport are described in the table below, which covers one unitary authority, one Model 3 RTP and one CA area. (This table does not show any such transport that is provided or funded by another public sector body, such as a Health Board.)

Table 3 – comparison of accessible transport services in different PTA areas

Area	Type of service and fare	Overall cost/year to authority	Trips/year (approx)	Cost/trip to public sector	Trips and funding per head of population
SPT	MyBus – scheduled and infrequent accessible services that divert from route to provide door to door service in an area or corridor. Must be booked. Free to concession holders.	Unclear – up to £4 million?	490,000	£8 (excludes capital costs of vehicles at least some of which are owned by SPT)	0.22 trips £1.81
City of Edinburgh	Dial a Ride fully accessible fully flexible bookable up to 1 hour in advance, £5 for 5 mile trip Dial a Bus similar to MyBus in SPT area, £1.25 per trip	Total for both £757,000	110,000	£6.88	0.23 trips £1.64
TfG Manchester	Ring and Ride, very similar to Edinburgh Dial a Ride but trip lengths limited, low/free fare Local Link – bookable shared minibus running in certain local areas	Around £5 million per year	1,327,000	£3.76	0.47 trips £1.79

Table 3, above, shows some evidence that a better and cheaper service is provided in Greater Manchester than the other two areas, one a unitary and one a Model 3 RTP. SPT's service is well used and its cost per trip is not excessive but it is not very flexible. Edinburgh's service is flexible but at a high cost to the user that does not appear to be reflected in a lower public subsidy per trip than the other two schemes where users pay much lower charges. Transport for Greater Manchester appears to be providing the best combination of value for money to the public purse, and to the user, whilst providing a flexible service. However, whether this is the result of it being a combined authority or some other factor such as the organisation having had more bids for the relevant contract(s) is unclear.

In PTAs in other northern European countries the availability and right to accessible transport varies widely and there is not scope in this report to give a full review. However, to take the example of Sweden, here some 3.3% of the total population has the right to use a low cost, fully accessible, fully flexible demand responsive form of public transport which must be provided by law by local authorities (called *färdtjänst*). Users must book, they have to pay between £2 and £7 per trip and there is a limit on the number of trips that they can take. The average number of trips taken per eligible person per year is 35 (11 million in total across Sweden), at a cost to the public purse of £300 million (a cost that is separate from the subsidy for

conventional public transport). This ridership is much higher than in comparable British schemes, but cost coverage from fares is also, and cost per trip to the public purse is several orders of magnitude greater.

In addition, most regional public transport authorities run demand responsive services on semi-flexible routes in areas without conventional public transport for people who are not eligible for *färdtjänst*. These cost no more than the equivalent bus fare, but may run only once or twice a day. (All data from Wretstrand, personal communication, November 2016.) They are funded from within the regional public transport budget which is able to do so more effectively than in the British system since the regional PTAs keep the revenue from all public transport operations and can therefore use the profits from more profitable routes to cross-subsidise less profitable and demand responsive routes.

3.6 Contribution to the health, employability and welfare reform agendas –

The links between transport, health and employability are complex but it is clear from academic evidence that mental and physical health are negatively affected if an individual is not able to participate fully in society, and lack of transport can be a factor in this (Currie et al, 2010; OECD, 2016). The question for this report is whether a Model 3 RTP would be better placed to reduce these transport-related barriers than the current governance situation can do and better promote Inclusive Growth as outlined in Scotland's Economic Strategy:

The Scottish Government's Inclusive Growth policy framework captures the multidimensionality of IG. The fulcrum of these areas is in the labour market. As a long term enterprise, inclusive growth is about promoting more and better quality jobs; and ensuring that all have the opportunity to contribute to the economy.

There are also the challenges of projected high levels of population growth in the region; an effective regional transport planning organisation is likely to be required to respond to these.

An analysis of the likelihood that a PTA could deliver benefits in these areas boils down once again to the evidence that Model 3 and other forms of PTA are able to more efficiently provide a higher level of subsidised bus service and specialist transport for disabled and other socially disadvantaged people than their Model 1 and Unitary Authority counterparts. The information presented above in Sections 3.4 and 3.5 indicates that the evidence that Model 3 RTPs and English CAs are more able to do this than their unitary and Model 1 counterparts is not clear. More service may be provided, but this is at a cost, and it is not clear that efficiency increases with the scale of the operation.

The recent emerging findings of the Royal Society of Art's Inclusive Growth Commission was published in September 2016¹. The report focussed on a definition of Inclusive Growth as a broad based growth that enables the widest range of people and places to both contribute to and benefit from economic success.

¹ <https://www.thersa.org/discover/publications-and-articles/reports/emerging-findings-of-the-inclusive-growth-commission/>

One of the key messages was the need to invest in social as well as physical infrastructure. Specifically in a transport context, this debate focussed on the need to prioritise connecting people to economic opportunities, through better skills planning and provision, through the provision of better local transport services as much if not more so that traditional physical road network infrastructure improvements. The report clearly highlights that simply building transport links is not enough to change patterns of economic mobility and cultures.

The report also stresses that whilst transport connectivity is important for realising the benefits of agglomeration, its effectiveness is predicated on connecting high-skilled workers with high-skilled jobs and investment to drive up productivity and growth. However, the report highlights that there are numerous communities across the UK within a few miles of such improvements to transport opportunities that do not always benefit. These opportunities can be denied by an ingrained mindset the report observes against working in the city centre or the sheer cost of travel to a low paid or zero-hour contract role. Whilst some communities and people will clearly benefit from places becoming, in effect, commuter towns for bigger city centre focussed labour markets, other people and places typically low skilled or economically inactive, risk being further excluded.

Therefore, the report observes, transport services and accessibility can be a preventative measure as part of a wider integrated economic strategy if actions go beyond traditional capital-based transport investment. However, it also highlights that prevention is an elusive business, where investment generates returns that fall into someone else's budget, thereby discouraging the original investment. They suggest moving beyond a "cookie-cutter" approach to segmentation of policy responsibility and focussing on genuinely geographically inclusive place-based strategies tailored to the needs, ambitions and nuances of a place's economic geography. This would help address a key Commission finding that inequalities are driven partly by distance from public services and decision making.

The Infrastructure workstream of the Edinburgh Region City Deal is to undertake further work on the investment proposal to understand the impact on areas of high deprivation and unemployment up to 30 minutes travel time from the individual projects. This is intended to provide an evidence base to underpin the potential impact on inclusion and also to support the regional Employability and Skills Programme to improve the employment rate and reduce welfare dependency. Because PTAs have traditionally and continue to focus on public transport services and fares just as much as infrastructure provision, it would be useful if this research could look further at the impact of a PTA on accessibility to employment or training opportunities.

3.7 Summary

Table 4, below, tries to summarise the findings of this chapter by rating the different possible forms of PTA according to their ability to deliver on the outcomes set out in the client's specification for this report.

Table 4: Summary showing different PTA models and their possible impacts on outcomes

Outcome	Model 3 RTP	Combined authority	TfL or continental PTA
<i>Planning and delivering transport solutions for all modes of transport across the region</i>	Clear that SPT offers a wider range of transport solutions (e.g. multi-modal ticketing; busway; Subway; extensive rail network) than found in Model 1 RTP areas	English CAs have delivered consistently more of many types of new schemes and transport solutions than have unitary areas. This likely due to greater capacity and funding, mainly for historic reasons	Easier to deliver schemes and other solutions due to greater funding and regulatory control. Greater organisational capacity for historic reasons
<i>Economies of scale in delivery</i>	Little evidence but data limited	Little evidence but data limited	Little evidence but data limited
<i>Positive pricing and fares integration</i>	SPT runs Zonecard – pretty much unique in Scotland	All CAs have run multi-modal multi-operator ticketing for many years; but more expensive than single operator ticketing Outside CA areas, multi-operator ticketing appearing due to change in competition law GB's only quality bus partnership with fares caps is in non-CA area	These types of authority have control over fares. TfL seeking to eliminate operating deficit. Fares therefore not especially low. Elsewhere in northern Europe, fares for regular travellers extremely cheap. Multi-mode and multi-operator tickets standard
<i>Positive pricing for certain groups of travellers</i>	Subject to national concessionary fare	All CAs run special fares deals for job seekers, not available in non-CA areas (except Nottingham). Subject to national concessionary fare	Due to control of fares and revenue, PTA can choose to set lower fares for certain groups. No need to negotiate with operators regarding compensation for any concessions.
<i>Improved cross-regional mobility for regional labour, training and employability; and improved community connectivity</i>	Little evidence that SPT runs more tendered bus services per head than do local authorities in Model 1 RTP areas	Higher spending per head on tendered bus services in these areas than in unitary authorities. Denser service. Certain services specifically designed to enable access to employment for people on low wages.	Ability to cross-subsidise unprofitable services with revenue from profitable services (due to gross cost contracts in regulated environment) allows provision of more service on low demand routes than in equivalent areas of Scotland.
<i>Provision of transport for people with disabilities and intersectionality across groups</i>	No evidence to suggest that provision better in these areas than in unitary or Model 1 areas	More work required to demonstrate that CAs achieve economies of scale and better provision than unitary counterparts.	As above; cross-subsidy can be used to support demand responsive services in rural areas
<i>Contribution to the health, employability and welfare reform agendas</i>	Evidence limited	Evidence limited. If more services provided in these areas than outside, ceterus paribus then travel should be less of a barrier to health and employability in CA areas	Levels of service higher and (except TfL) fares lower in these areas compared to PTA and unitary areas. Transport therefore less of a barrier to social inclusion.

Overall, then, this table shows that there is limited evidence that Model 3 RTPs and CAs necessarily provide much better performance against outcomes than do their unitary counterparts. They are not necessarily more efficient in what is delivered per £ spent or person employed. They do offer resilience benefits, as there are more people working on the same issue in an RTP or CA compared to in a local authority. In addition there is evidence that the English CAs deliver more and more different types of scheme than their unitary counterparts, but this is most likely due to greater organisational capacity and knowledge, which is something that they have acquired over time. Their greater funding also allows them to provide special fares for jobseekers, and for investment in light rail; and the greater funding is itself partly a product of greater organisational capacity and the ability that comes with that to lobby central government more effectively for funds. However, to deliver major changes in regional public transport affordability and service the CAs would have to be funded differently and operate in a regulatory context more akin to that in the rest of northwest Europe. The difficulty with that would be the transaction costs and general organisational upheaval.

3.8 Relationships between a Model 3 SEStran and other organisations; and Model 3 SEStran membership

Other regional public transport organisations

At present in the SEStran area there is another public transport organisation that has some aspirations to operate at a more regional level: Transport for Edinburgh (TfE). TfE, an arm's length company 100% owned by the City of Edinburgh Council, was created as a holding company for Lothian Buses and Edinburgh Tram in order that they could operate without competing with each other and still comply with competition law. TfE has also become a brand for public transport in Edinburgh and on Lothian Buses services (and those of its subsidiaries) in East and Midlothian in particular, and TfE does have aspirations, as set out in its draft Strategy, to operate and manage other parts of the local and regional transport network, but currently there it has no statutory basis other than as a holding company.

It would be possible for a Model 3 SEStran RTP to be created without any formal reference to or agreement with TfE, but a more positive option would be to agree on functions that TfE might carry out (ceded to it by City of Edinburgh and potentially other Councils under a Service Level Agreement) and those that SEStran might carry out. In the longer term, SEStran might take a largely policy and strategy role, akin more to a combined authority in England, and TfE could be an executive arm, more akin to TfGM or Nexus. However, this would be complex to set up given TfE's main and key role as a holding company for Lothian Buses and Edinburgh Tram.

Clackmannanshire, Falkirk and Stirling as members of a Model 3 SEStran

The principal benefit to these authorities of being part of a Model 3 SEStran created under current legislation would be to be part of a larger organisation responsible for public transport coordination and procurement of certain services, with the organisational knowledge, capacity, skills and resilience that this could bring. It could potentially ease the challenges of coordinating transport across unitary authority boundaries in these parts of the region and others.

4. CONCLUSION

This report has first described the form, governance, functions and financing of different forms of passenger transport authority, before trying to analyse their relative ability to deliver on the outcomes from public transport that are required by the authorities within the SEStran region and the Edinburgh City Deal. There is evidence that they do deliver more transport improvements than their unitary authority and Model 1 RTP equivalents, and that they offer a wider range of ticketing, information and interchange facilities; they also spend more per head on tendered bus services than do their unitary counterparts. However, systematic evidence is lacking to be able to demonstrate unequivocally that they exercise their functions more efficiently and effectively, and that those functions are delivering more on outcomes, than in non PTA areas. This may of course be more a function of the lack of evidence than actual proof that PTAs *are* no more efficient/effective.

On the other hand, of the nine City Deals to be brokered by the Government in the first wave of the initiative, seven are in areas with a passenger transport authority. In this sense there is a clear link between having this form of regional public transport governance and being in the first tranche of city regions to be offered this form of financing of infrastructure and revenue spending for economic growth. Having a PTA also allows the region to speak with one voice to central government about its needs for (public) transport; and to show that it has the expertise required to deliver on these large spending commitments. Taking a regional approach to transport planning is also more likely than a more fragmented approach to be able to deliver cross-regional improvements in public transport connectivity. A PTA also offers organisational resilience in public transport coordination and planning that a number of smaller authorities with very small numbers of staff will find it hard to provide.

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