



Policy Futures

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*for urban
transport*



Contents

The Urban Transport Group represents the seven strategic transport bodies which between them serve more than twenty million people in Greater Manchester (Transport for Greater Manchester), Liverpool City Region (Merseytravel), London (Transport for London), Sheffield City Region (South Yorkshire Passenger Transport Executive), the North East (North East Combined Authority), West Midlands (Transport for West Midlands) and West Yorkshire (West Yorkshire Combined Authority). The Urban Transport Group is also a wider professional network with associate members in Strathclyde, Bristol and the West of England, Tees Valley and Nottingham.

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Urban Transport and the Cities – Moving Forward

There is a strong consensus that Britain's city regions are key to the UK's wider economic success. Transport is both an enabler of growth and a way of ensuring that the benefits of that growth are shared because transport provides access to opportunity – be it jobs, education and training, or healthcare.

To fully deliver on their potential, the city regions need efficient and effective local transport networks as well as good connectivity with each other and the wider world. Efficient and effective local transport networks support city centres with their clusters of high value jobs, retail and cultural offerings. They also support secondary centres and suburbs through providing them with the access they need. Connectivity with other cities, and with the wider world, attracts investment and skills and enables access to domestic and international markets.

Cities need to be smart too and embrace and facilitate transformative social and technological change like the electrification of transport, the growth in cycling and the way in which open data and smart devices can revolutionise transport information, access and planning. This in turn will draw in investment and skills whilst also reducing carbon footprints, improving air quality and making cities more attractive and dynamic places to be.

Great strides have also been made in ensuring that city regions can better shape their own futures and make the connections between different policy goals. Our city regions have moved towards more focussed governance arrangements with London's Mayor and with other city regions setting up Combined Authorities

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and now some of those areas moving to Mayoral Combined Authorities.

The city regions are also playing a major role in more strategic and devolved approaches to pan-regional infrastructure like better east-west transport connections – through bodies like Transport for the North and Midlands Connect, as well as on planning and development of regional rail services through bodies like Rail North and West Midlands Rail.



With the right national policy framework we can make further progress to:

- Deliver modern, efficient and fully integrated urban transport networks accessible via smart and simple ticketing systems
- Break down the barriers between different sectors to ensure that the benefits that transport can bring to wider policy goals in areas like health, employment and education are fully realised and rewarded
- Drive forward the transformation of strategic transport links between the cities around common priorities and in a coordinated way which brings together national agencies (like Highways England and Network Rail) with pan-regional bodies and the city regions

Funding

The urgent need for higher levels of investment in urban transport systems means we need to bring more certainty to local transport funding as well as the ability to explore new potential funding streams.

Long term funding certainty allows a considered approach to ranking and delivering priorities; it means that business and investors in city regions can plan ahead with more confidence; it allows expertise and capability in the planning and delivery of schemes to be built up and retained; and it reduces the inefficiencies inherent in oscillating between 'feast or famine' for contractors and suppliers.

The greater certainty that has been brought to rail and road spending through moving to longer term funding and investment programmes is welcome, as is the creation of the National Infrastructure Commission. However, funding for local transport capital spending has proved less stable and more subject to year-on-year fluctuation as well as block grants increasingly being replaced by competition funding.

At the same time revenue spending on local transport has seen deep cuts with the prospect of more to come. Revenue spending is needed in particular for bus services (which are less capital dependent than rail).

The bus is the main form of public transport. It gives people access to employment and opportunity and is a relatively low cost and rapid way to enhance transport provision, for example to serve new development areas. Revenue support is also important for local rail services. It also pays for the planners and staff that develop and implement capital projects. The proliferation of competition funding creates additional pressures on declining resource funding in terms of uncertainty around when such funding competitions will emerge, what they will cover, and whether or not a local authority's bid will be successful. Bidding for grant funding has a non-negligible cost (which we estimate could amount to up to 1.8% of total costs for a £5 million scheme), and creates unpredictable peaks and troughs in workloads which are difficult to resource and plan for efficiently.

In terms of income generation, Local Transport Authorities already have clear powers in areas like road user charging and parking, however there are other potential new funding streams that should be examined such as the potential for capturing more of the land value uplift that investment in new transport projects can bring.

Current methods of transport appraisal (largely based on journey time savings but with a growing recognition of the contribution towards agglomeration economies in urban areas) are not always able to capture the full benefits of transport investment.

This is a particular concern in relation to large infrastructure schemes, such as Crossrail 2 or significant investment in Trans-Pennine rail links, which can have a transformational effect on housing and labour markets, as well as on the behaviour of households and firms. At the other end of the spectrum current appraisal methods also struggle to reflect the benefits that small scale interventions can make including in improvements to the urban realm which also promote active travel.

The way in which national government satisfies itself that local government transport spending is being carried out efficiently and effectively is inconsistent and can be overly prescriptive as well as subject to 'clawback' (ie asking for further reviews, options or approval centrally - even after approval for funding the project has already been given).

Revenue spending on local transport has seen deep cuts with the prospect of more to come.

The way forward

- Greater stability (and less competition funding) for local transport funding in line with the more long term approach now being taken to national road and rail infrastructure
- A fresh look at revenue funding for local transport in order to prevent local bus networks from melting away and in order to retain the capacity of local transport authorities to implement capital schemes effectively and efficiently
- Examine scope for new funding streams such as those which could capture more of the land value uplift that investment in transport schemes can bring
- Reform transport appraisal so it more effectively captures the transformative benefits of different kinds of transport schemes
- Move to more proportionate and consistent oversight by national government of local transport scheme delivery

Buses

The bus has a critical role in supporting the inclusive and sustainable growth of urban economies. It gets traffic off the roads, provides access to opportunity and ensures our urban centres can function.

The urban bus offers excellent value for public money. Every pound spent gets traffic off the roads and reduces congestion for other road users. However, it is a transport measure that also meets multiple social policy goals. It gives the jobless access to jobs, gives young people access to education and training, and gets older and disabled people out of isolation. It also contributes to public health through the associated exercise, as well as getting people to healthcare appointments. Investment in buses can also be quickly translated into lower fares, more services or better vehicles plus the benefits can be spread across a wide urban area.

The very local nature of bus services means that the extent and quality of the service varies by area, however the overall picture in recent years outside London is one of declining service levels, fares rising above the rate of inflation and patronage decline. Bus services are deregulated outside London which means that, subject to basic licencing conditions, anyone can run a bus service. However, in practice bus services are now provided by five large corporations who rarely compete directly.

Local Transport Authorities can only negotiate voluntary agreements with bus operators on the way services are provided and can only ensure services are provided where no commercial services operate (these are known as tendered or supported services and make up around 20% of bus services nationally).

The ability for London to specify, manage and develop its bus network has underpinned the very different outcomes on bus services between London and the rest of the Great Britain. Since 1986/87, patronage in London has doubled, mileage has increased by 74% and fare increases have been lower than in the city regions.

Given this we have long called for changes to the legal framework for bus provision outside London. We therefore welcome the 2017 Buses Act which will give local authorities outside London a new range of powers with which to improve bus services. Up to and including the powers to franchise networks of bus services in the same way that London does.

The franchising powers are automatic where there is a Mayoral Combined Authority and at the Secretary of State's

discretion elsewhere. Although the primary legislation is in place there is still a need to implement all the secondary legislation and guidance to make the new legislation fully usable.

Powers to plan bus services are one part of the equation, adequate funding is another and the way in which bus services are funded does not reflect the cross-departmental and cross-sectoral benefits that buses bring. Indeed revenue for supported bus services comes via wider Department for Communities and Local Government funding for local government.

Furthermore all the main sources of support for bus services are under severe pressure which is leading to widespread cuts in supported services, which will only get worse if the funding system carries on as it is.

Bus services would also benefit from the full implementation of Traffic Management legislation in order to give local transport authorities the full set of powers they need to enforce the law on moving traffic offences (such as those in relation to yellow box junctions).

City region bus networks generate significant economic benefits by providing access to opportunities; reducing pollution and accidents; and improving productivity.

The way forward

- Implementing all the secondary legislation and guidance for the Bus Services Act as soon as is practical
- A fresh look at bus funding which recognises the cross sector benefits of supporting bus services through a new devolved, consolidated and enhanced 'connectivity fund'
- Full implementation of the Traffic Management Act 2004 so that local authorities can act on moving traffic offences (such as obstructing yellow box junctions)



Rail

To fully deliver on their potential, the city regions need efficient and effective local rail networks, as well as good rail connectivity with each other and the wider world. Local rail networks make key town and city centres more accessible, increasing the number of people and firms which have access to their clusters of high value jobs, retail and cultural offerings.

Longer distance rail links provide access to larger markets and are important in attracting investment and skills. The rail network also plays a key supporting role for manufacturing, logistics and other key regional industries.

HS2 will allow for the biggest re-writing of the national rail network since it was built, bringing the benefits of additional capacity, faster journey times and the opportunity for urban renewal around key stations and hubs.

However there is a need to ensure that:

- HS2 forms part of a wider upgrade of the rail network, in part enabled by released capacity
- HS2 connects effectively with the international high speed network; and with new, or significantly enhanced, East-West links
- All city regions are given the opportunity to maximise the benefits which HS2 can bring

The surge in urban and regional rail demand seen over the past decade has put increasing strain on those rail networks.

Major schemes such as investment in the London commuter network, the Northern Hub and Birmingham New Street station, as well as the commitments to new trains in the latest urban and regional rail franchises, are all welcome. However, this needs to be sustained through a long term plan for increasing infrastructure and train fleet capacity.

Where responsibility for local rail services has been devolved (such as in Scotland, Merseyside and on London Overground) service quality and passenger satisfaction has been transformed. This is because devolved transport authorities have a better understanding of the importance of rail services for local economies, and can manage available resources more effectively.

For example, devolution can facilitate better integration with wider local public transport networks and lead to more effective use of under-utilised resources, as exemplified by some highly successful light rail conversions.

The rail devolution success story is now being taken forward through the management of the new Northern and Trans-Pennine rail franchises by Rail North (a collaboration between DfT and a consortia of the North's local transport authorities). Similar arrangements are being brought in for the West Midlands rail network.

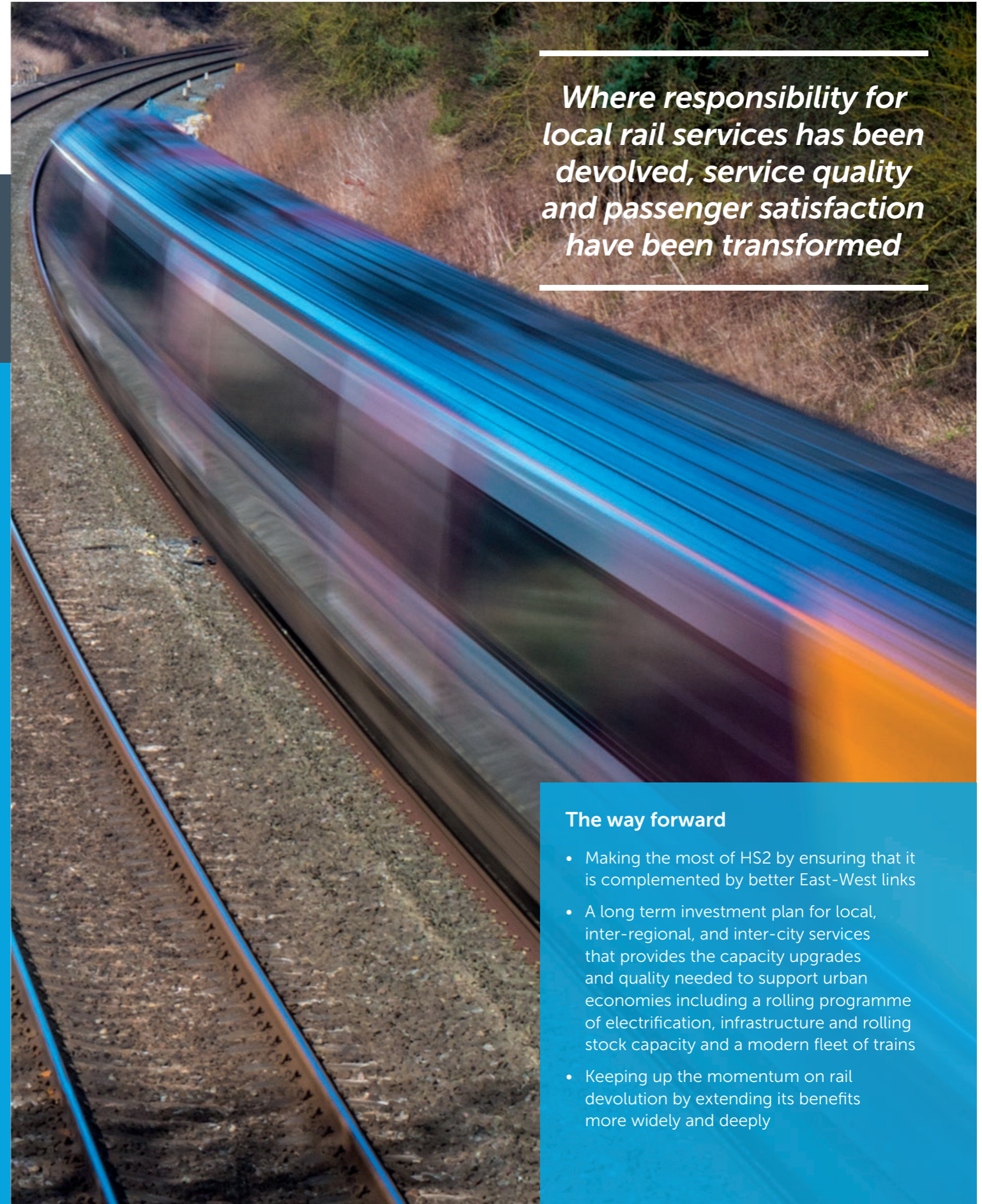
Given the success of rail devolution so far we need to keep up the momentum including through:

- Full devolution of responsibilities for rail services in the the West Midlands and the North and a roll out of the successful London Overground model over more of the London and South East rail network
- Ensuring Network Rail maps onto evolving devolutionary arrangements

Where responsibility for local rail services has been devolved, service quality and passenger satisfaction have been transformed

The way forward

- Making the most of HS2 by ensuring that it is complemented by better East-West links
- A long term investment plan for local, inter-regional, and inter-city services that provides the capacity upgrades and quality needed to support urban economies including a rolling programme of electrification, infrastructure and rolling stock capacity and a modern fleet of trains
- Keeping up the momentum on rail devolution by extending its benefits more widely and deeply



Active Travel and Healthy Streets

We can make cycling and walking a more attractive option for more journeys through local delivery of an ambitious national strategy. A strategy that also recognises that the streets of the future need to be healthy streets where people and businesses want to be.

Cities around the world are reducing space for traffic and increasing space for people in order to make their city the kind of place that people positively want to visit, live in and invest in. The creation of higher quality urban realms which are not blighted by traffic, which feel safe and which people want to spend time in are now the priority for the 'place makers'. This is a trend that can be seen from Los Angeles to London and from Moscow to Singapore as cities compete to attract visitors, residents and business.

Street design also has a key role to play in promoting public health. Healthy streets welcome pedestrians from all walks of life; are where people choose to walk, cycle and use public transport; where people feel safe; are not too noisy; are easy to cross, have places to stop and rest; have shade and shelter; have things to see and do; and are where people feel relaxed.

A healthy streets approach is particularly important given that inactive lifestyles are one of the biggest threats to public health, increasing the risk of developing a range of chronic diseases including diabetes, dementia, depression, heart disease and cancer.

Developing these healthy and vibrant streets and urban centres of the future will require leadership as well as a more holistic approach to urban planning – which also thinks through all the ramifications including how goods are delivered to new look urban centres, access for those with disabilities and how best to manage and allocate diminishing overall space for vehicles. Ensuring that appraisal frameworks for transport decision making are also capable of capturing the benefits of the healthy streets of the future will also be important.

More widely supporting active travel can have many benefits beyond its crucial role in tackling preventable diseases and conditions. More short journeys on foot or by bike instead of by car reduce congestion for all road users.

Active travel can also open up access to opportunity for those who do not have access to a car. A mix of capital and revenue support is needed in order to invest in road layouts that better meet the needs of cyclists and pedestrians, but also to support 'soft' measures around building public awareness of, and confidence in, active travel alternatives for some of the journeys they currently make.

A strong lead from Government is needed to ensure that active travel is seen as a priority whilst also recognising that improvements to provision for cyclists and pedestrians are always best determined and delivered locally.

The creation of higher quality urban realms which are not blighted by traffic is now the priority for the 'place makers'



The way forward

- An ambitious national active travel strategy that accelerates growth in the number of trips made by foot and bike whilst recognising the need for adequate funding for its devolved delivery

Smart Futures

Rapid technological change is here and now and transforming the world of urban transport. If the benefits for cities and travellers are to be maximised and any downsides minimised then there needs to be a close working relationship with national government on research, development, investment and regulation.

Rapid technological change is transforming the transport sector. These trends include the way in which new and emerging data sources are helping travellers make better informed choices about their journeys as well as helping transport planners make better decisions about how to run and develop transport networks and services.

At the same time a proliferation of new vehicle technologies means that cars, buses and freight vehicles are becoming greener and cleaner as well as smarter, more connected and potentially more automated. The means by which people pay for, and access, public transport is rapidly moving from paper tickets to smart media (including smartcards, bankcards, watches and smart devices).

Beyond that 'Mobility as a Service' options are opening up whereby travellers can buy packages of mobility which include the full range of available transport modes. Technological change is also combining with social change and new business models in a way that has significant implications for transport.

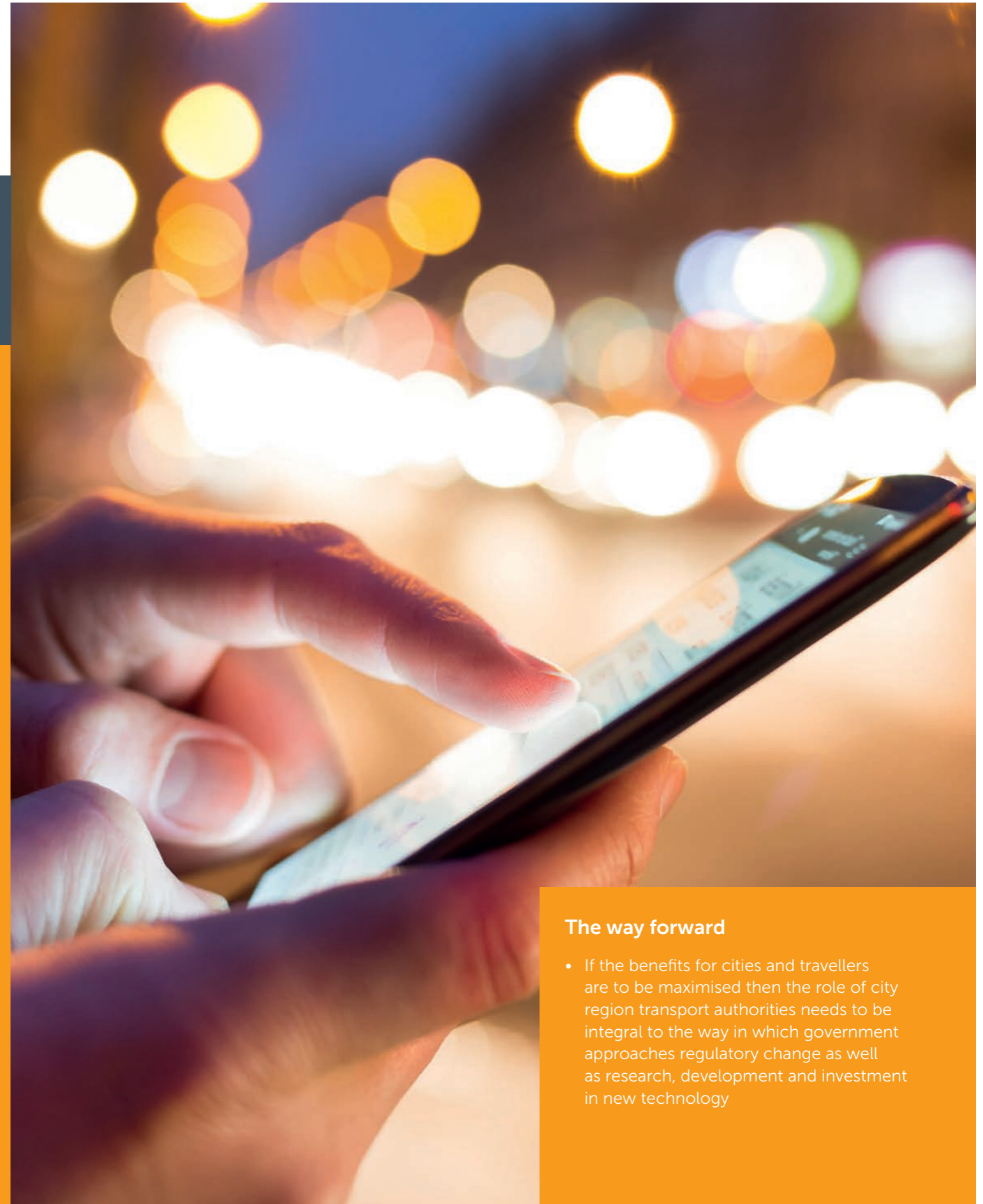
In particular the shift from ownership models to sharing or rental models is one reason why attitudes to car ownership are changing – particularly among young people.

Meanwhile new players (from Californian tech giants to local start ups) are offering new services which capitalise on these changes. These include companies which provide information about transport services and payments via apps, as well as new taxi and private hire operators.

No one can say with any certainty exactly what the future will look like in terms of how these transformative technological and social changes will play out. However transport authorities have a critical role to play in capitalising on the benefits for both transport users and the future of our cities whilst at the same time seeking to mitigate or avoid the potential downsides. For example in sharing data, establishing partnerships with new players and making sure we are attracting and retaining the right skills in areas like data science.

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At the same time as public sector transport authorities we will seek to ensure that change does not result in sectors of society being left behind; that we meet our obligations to improve air quality and reduce carbon emissions; and that congestion is managed and reduced in a way that promotes healthier streets and places. To do all of this effectively the role of city region transport authorities needs to be integral to the way in which Government approaches regulatory change as well as research, and development and investment in new technology.



The way forward

- If the benefits for cities and travellers are to be maximised then the role of city region transport authorities needs to be integral to the way in which government approaches regulatory change as well as research, development and investment in new technology

Breaking Down Silos

We can take a more integrated approach to all aspects of transport planning for the city regions. And we can start realising more of the synergies and savings to be had by breaking down silo thinking between the national and the sub-national, and by recognising and rewarding the role that transport plays in achieving a wide range of public policy goals.

Air Quality

Poor air quality is a pressing problem for the UK which is estimated to result in 29,000 premature deaths each year. The causes of air quality problems vary from area to area, as does the contribution which transport makes and the relative contribution of different modes.

We need a more effective partnership with national government to tackle air quality challenges. A partnership which recognises the key role that national government has (in particular on vehicle taxation) in setting the right national framework in which properly funded locally determined air quality strategies can best meet local circumstances.

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Freight

Freight is vital to the effective functioning of our economy and to our cities in particular, which are frequently the ultimate destination for goods.

The ways in which these goods reach the outskirts of our urban areas, how they are dealt with when they arrive, and how they are transported for the 'last mile' of their journey into the places people live and work, has wide ranging implications for the economy, employment and growth but also for congestion, safety, emissions, road maintenance, noise, vibration, quality of life and the urban realm. At present there is a lack of an overarching strategy for freight which seeks to address these trade offs.

Such a strategy could seek to ensure that wherever possible freight should make its way to urban areas by rail (or water where that is a viable option) and that a more extensive network of rail connected distribution hubs be established.



Air quality and freight are two examples of policy areas where there is potential for more breaking down of barriers between national and sub-national decision making bodies, and also between policy sectors.

The last mile, or miles, into city centres could then be by low impact mode, such as low emission vans or lorries, or, where appropriate, other options like cycle logistics.

More widely there is also a need to ensure that there are good industry standards for safety and emissions and that there is robust enforcement, where necessary, of those standards.

Air quality and freight are two examples of policy areas where there is potential for more breaking down of barriers between national and sub-national decision making bodies, as well as between policy sectors in order to achieve wider policy goals (like cleaner air) and reducing public spending (such as reducing the costs to the Health Service of air quality-related diseases and traffic accidents).

Cross sector and cross agency thinking

Within transport there is considerable scope for much greater coordination between both Highways England and Network Rail with the city regions on both operational and strategic issues. For example in ensuring information systems interlock to provide seamless travel information to road and public transport users, and on planning to ensure that the way in which national road and rail networks develop dovetails with the economic development plans and priorities of the city regions.

More widely there is far more scope for cross sector and cross departmental initiatives on transport – particularly at a time when public spending is under pressure. For example in 2014 the bus contributed to the policy goals of half of all government departments and 46 policy goals of those departments (41 outside of the DfT). This includes saving money for Department for Work and Pensions by getting people into jobs, and for the Department of Health through reducing the number of missed appointments.

Some initiatives are now being pursued which aim to break down these silos, for example 'Total Transport' schemes, which seek to pool currently separate healthcare, education, social services, and public transport funding sources as well as vehicle fleets in order to provide a better and more cost effective combined service. There is scope for more such initiatives.



The way forward

- A more ambitious national policy framework on air quality so that city regions can play their part in tackling local air quality problems
- A national strategic policy on freight so that city regions can play their part in facilitating long haul freight accessing the city regions by rail and water where possible, whilst ensuring that last mile local deliveries are made by low impact, low emission modes
- A more effective strategic and operational partnership between the city regions and the Highways England / Network Rail to ensure that national and sub-national road and rail links are managed and developed in an integrated way