

Organisational Structures for Transport Planning

Final Report

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EXECUTIVE SUMMARY

Background

This report was commissioned by the National Assembly for Wales (NAW) to review current models and institutional structures for the planning of public transport services in the United Kingdom and parts of Europe.

In Europe

The report identifies the central planning approach in Holland where strategic land use planning, highways and public transport planning is given strong leadership from central government. Local authorities at county and district levels then form local partnerships to develop local schemes and systems. The result of this process is a fully integrated public transport system with extensive bus/ rail and bus/ bus interchange facilities and nation-wide ticketing system.

In Germany the structure of government includes federal, regional (Lander) and local government. A system of fuel taxes hypothecated to the provision of transport services ensures a regular flow of funds. Public transport is organised on a sub-regional basis with structures in many ways similar to UK PTAs and PTEs. All bus services are provided by separate companies, subsidised on a network basis (often by agreement)

In France a system of local employment taxes again offers a source of funding for major public transport investment as well as subsidised fares. The mayoral system with a scrutinising elected body is the usual model in local government.

In Scotland

Scotland is unique in having powers to "direct" the SRA in respect of the all-Scotland rail franchise (Scotrail). In addition Strathclyde PTE is a significant force in the western industrialised area. Otherwise a system of unitary authorities operates on public transport matters in much the same way as Welsh unitary authorities.

In Northern Ireland

State ownership of most public transport services results in a model similar to that in Britain 20 years ago. Planning is generally carried out at a national level, with the bus and rail operations controlled through the Northern Ireland Transport Holding Company. Rail services enjoy capital and revenue funding, whilst bus services receive some capital funding but no revenue support. Local authorities have little influence on public transport.

British Passenger Transport Authorities and Executives (PTAs and PTEs)

These were established under the 1968 Transport Act to promote the development of integrated public transport networks in seven major conurbations (London is a separate case). Initially responsible for local rail services (Section 20), the PTEs also were major providers of bus services. Subsequent legislation redefined the "designated areas" of each PTA/ PTE and resulted in divestment of bus operations. Two PTEs are train operators (Tyne and Wear Metro and Glasgow Underground), whilst three have procured light rail systems under various contract arrangements.

Each PTA/ PTE remains responsible for rail services in their area, and has the special status of "co-signatory" to franchise agreements established by the Strategic Rail Authority (SRA). Various arrangements for sharing revenue risk apply, although in England any gain by a PTE is ultimately passed back to DETR. Strathclyde PTE is able to retain any revenue surplus.

The Powers of the National Assembly for Wales on Public Transport Matters

The NAW has few direct powers on public transport matters, perhaps the most significant is the control exercised over local (transport) authorities through the Local Transport Plan (LTP) process which involves issuing guidelines and approving funding through Transport Grant and other schemes.

In respect of rail services the NAW can influence the appointment of one member of the Board of the SRA, but otherwise has only an advisory role as a consultee.

Issues to be considered in strengthening public transport planning in Wales

The report identifies a number of issues that it is suggested should be considered as a strategy evolves for developing the institutions in support of public transport in Wales. These are:

- The need for public transport to have strong and confident leadership
- Accountability
- Local consultation
- Subsidiarity
- Boundary issues
- Rural areas
- Consistency with land use and highway planning
- Centre of excellence
- Balancing modes
- Rail franchising and the SRA
- Viability and critical mass
- Revenue v capital argument
- Revenue risk
- Sources of funding
- Highway powers
- Land use planning
- Social inclusion
- Quality and monitoring

Possible models for Wales

From the analysis of different UK and European models it is possible to detect a series of potential structures that may be appropriate for the NAW to consider as it seeks to develop more effective public transport systems in Wales.

The first over-arching issue is the institutional relationships between land use, highways and public transport planning. These could be achieved through a central organisation (like Northern Ireland or to some extent Holland), or fragmented with political and consultative bonding as is generally more common.

The next issue concerns the territorial scale of any such organisation that carries public transport responsibility. The structure could be National, Regional or Local, with the principle of subsidiarity important, but balanced against the costs and effectiveness of the organisation. Variations may apply in different locations when dealing with buses or trains. Arising from this consideration comes the structure of political accountability and the potential direct involvement of the NAW and/ or local authorities.

Powers to implement

The report goes into some detail on the current powers of the NAW and the new powers necessary to achieve some of the permutations described above.

In particular the creation of a designated PTA and PTE would require primary legislation, as would a major shift in responsibilities of the SRA.

However should the NAW determine a clear picture of the favoured structure for taking forward public transport planning, then the practicalities and legislative requirements can be more precisely assessed.

One further important point that must be taken into account is the potential central funding mechanism for both rail and bus services, and the potential impact on other budgets.

It is clear, however, that in many respects the NAW has the ability to influence change through the strengthening of the various formal and informal groupings that already exist throughout Wales, including by creating unifying boards.

Tests

The report sets out a number of tests that might be considered when judging the various organisational models.

Introduction

1. The Babtie Group were appointed by the National Assembly for Wales (NAW) in March 2001 to undertake a review of the different organisational structures for transport planning and delivery at both regional and national level. The Environment, Transport and Planning (EPT) committee of NAW are considering the impact of the organisational structures that deliver public transport.
2. The aim of this report is to provide a information and details of alternative transport organisational models (in the UK and Europe) in order that the EPT committee can have the

full facts at their disposal. The aim is to offer a factual review of structures elsewhere and to consider how these models would apply to Wales.

3. A wide range of consultations have been considered within the study. This includes Scottish Executive, Strategic Rail Authority (SRA) and Passenger Transport Executives (PTE's). Further information on the consultations and methodology is outlined in the following section.
4. The report aims to provide full details on the existing system of operation, including scope of powers for transport matters, the relationship of the body with other organisations and populations. Following on from this an assessment will be made for the applicability of that model to Wales, including legal powers required and the impact on NAW of the proposals.
5. The following section details the methodology used in our study, whilst Sections 3 and 4 consider the legislative background and present examples of various UK and European models that have been considered. Section 5 deals with the issues arising from our findings and Section 6 classifies the various examples into groupings for the purpose of identifying different models. Section 7 looks at tests that might be appropriate when considering alternative models.

Methodology

1. This section provides information on the process that we followed in undertaking this project and the various consultations that have been used.
2. One of the main components of the study was the consultation and literature review phases.

Consultation

3. Consultations were carried out using one of three methods; face to face interviews, telephone discussions and email exchanges. A list of consultees is provided below:
 - Department of Environment, Transport and the Regions (DETR)
 - Isle of Wight County Council
 - Merseyside PTE
 - Northern Ireland Assembly
 - Scottish Executive (SE)
 - South Yorkshire PTE
 - South Yorkshire Joint Secretariat
 - Strategic Rail Authority (SRA)
 - Strathclyde PTE
 - West Yorkshire PTE

2.4 We also acknowledge the assistance of Ross Griffiths (Cobbetts Solicitors), Professor L Lesley (Liverpool John Moores University), and Scott Hellewell

(independent consultant) in the production of this report.

5. This consultation provided us with the bulk of the information required for the study and provided details of the workings of the various systems, including some frank assessments of the strengths and weaknesses of their respective system.

Literature Review

6. A literature review was also an important element in compiling a complete picture of existing transport structures. This was largely accomplished via a search of websites, but also involved the purchase and analysis of key books. The key items that were researched are listed below:

- SRA's Strategic Agenda document
- Nexus (Tyne & Wear PTE) web site
- Centro (West Midlands PTE) web site
- Greater Manchester PTE web site
- Scottish Executive web site
- Northern Ireland web site
- Transport for London web site
- Greater London Assembly web site
- European Union web site
- East Midland Regional Assembly web site
- Government Office North West web site
- UITP web site
- Transport act 1968
- Local Government Act 1985
- Transport Act 1985
- Railways Act 1993
- Scotland Act 1998
- Government of Wales Act 1998
- Greater London Authority Act 1999
- Transport Act 2000
- Bristol LTP
- South Yorkshire LTP
- South Yorkshire PTE Annual Report
- West Yorkshire PTA & PTE Annual Report
- Strathclyde Rail Strategy
- Cheshire County Council Rail Policy

5. Following the collation of the various data a 'brainstorming' session was held to fully consider the range of strategic models and to assess their appropriateness to Wales. This included consideration of legal powers and administrative changes.

UK Legislative Background

3.1 Introduction

3.1.1 It is appropriate to consider the current framework for public transport planning that exists in Wales, and the legislation that underlies this framework.

3.1.2 Within Wales rail operation is carried out by franchise operators and by a number of private rail schemes, which although regarded as leisure attractions by some, do provide useful services in remote parts and are in some instances connected to the main network.

3.1.3 Bus service provision is carried out by large and small operators including national groups but including some Council owned operators (Cardiff Bus, Islwyn Bus Company and Newport Transport). The public transport sector also includes: taxis and private hire cars, schools transport, social services transport provision, community transport, Health Authority transport, postbuses, etc.

3.2 The Powers of the National Assembly for Wales

3.2.1 The Government of Wales Act 1998 makes provision for the transfer of Ministerial functions to the Assembly (Section 22(2)) in respect of the environment, highways, local government, town & country planning, and transport (schedule 2). No specific provisions or exceptions are made in respect of rail services (discussed below), whilst local bus and highway matters are fully devolved to the Assembly.

3.2.2 Nevertheless, NAW has few active powers in relation to transport. In relation to railways it has the right to be consulted in relation to membership of the Strategic Rail Authority, the right to be consulted in relation to strategy and thereafter when the strategy is reviewed. It may enter into agreement to secure the provision, improvement or development of railway goods services or facilities and as a person within the definitions in the *Railways Act 1993* will have rights of objection to closures.

3.2.3 The NAW has specific powers in relation to providing Quality Bus Contracts under the Transport Act 2000.

3.2.4 Significantly, the National Assembly can encourage co-operation through guidance notes issued in connection with the production of LTPs, with funding approvals ultimately dependant upon action. It has significant levers in funding local authority infrastructure through Transport Grant and also through revenue support for buses and community transport

3.3 Public Transport Planning Requirements under Transport Act 2000

3.3.1 Under the Transport Act each Welsh county council or county borough council is

deemed to be the "local transport authority" and is required to:

- Develop and implement policies to promote and encourage safe, integrated, efficient and economic transport facilities and services to, from and within the area.
- Produce a local transport plan that is kept under review and subsequently replaced at no more than 5 yearly intervals later.
- Send a copy of the plan to the National Assembly for Wales.

3.4 Strategic Rail Authority (SRA)

3.4.1 The SRA is empowered under the Transport Act to enter into franchise agreements with train operating companies for the provision of passenger rail services. The SRA consists of between 7 and 14 members appointed by the Secretary of State, including 1 appointed after consultation with the Scottish Minister, and another after consultation with the National Assembly of Wales.

3.4.2 As part of the franchise process the SRA must consult with a number of statutory consultees, including the Scottish Minister, the National Assembly for Wales, the PTEs, the Rail Regulator any other persons that the SRA sees fit. Section 3.6 deals in more detail with the Scottish and PTE situations.

3.4.3 The Secretary of State may give directions on matters, issues, strategies and updates.

3.5 NAW direct powers on rail matters

3.5.1 Current powers for direct intervention are extremely limited and concern infrastructure facilities and train services for the carriage of goods by rail.

3.5.2 The Assembly has the right to be consulted in relation to the formulation of strategy and its review but otherwise has no strategic power in relation to rail, this power having been retained by the Secretary of State for Environment Transport and the Regions.

3.6 Passenger Transport Authorities and Passenger Transport Executives

3.6.1 The Passenger Transport Authorities and Executives were established under the 1968 Transport Act at the time with the aim of creating a properly integrated system of public passenger transport with due regard to land use planning and the efficiency and economy of operations. Further information on the structures of PTA's and PTE's is provided in Appendices B and C.

3.6.2 There are currently seven Passenger Transport Authorities and Executives located in England and Scotland, initially established in three tranches under the Transport Act 1968. They are as follows:

Greater Manchester

Merseyside, trading as Merseytravel

Strathclyde, trading as SPT ("second generation")

South Yorkshire ("third generation")

Tyne and Wear, trading as Nexus

West Midlands, trading as Centro

West Yorkshire, trading as Metro ("third generation")

3.6.3 At first the PTEs were extremely powerful organisations, however the impact of subsequent legislation, including privatisation of bus and rail services has resulted in diminished responsibility. In many respects the general obligations placed on a PTE are little different from those upon a local authority, however on rail passenger services significant differences are evident. In addition, it should be noted that the PTAs/PTEs do not have responsibility for highways regulations or parking issues.

3.7 Direct control of rail services by PTEs, Local Authorities and Train Operating Companies

3.7.1 Two PTEs are operators of subsidised rail services (Tyne and Wear Metro and Glasgow Underground), whilst Merseytravel are likely to assume delegated powers from the SRA over the Merseyrail Electrics local train network. These powers for a PTE stem from the 1968 Transport Act (section 10) and require the passage of a number of stages culminating in an order (Statutory Instrument) from the Secretary of State. One issue that must be addressed in this scenario is "the operator of last resort" - the situation where the train operator fails and emergency plans must be in place to maintain services by direct control. It should be noted that current proposals for rail powers to be vested with Merseyrail and Isle of Wight (due to the 'stand-alone' nature of the networks) are at a preliminary stage.

3.7.2 In the two PTE cases of current direct operation of rail services, recent developments in European legislation may necessitate some form of privatisation or partnership arrangements to be entered into in order to remove internal, untested, subsidy.

3.7.3 A similar delegated arrangement is mooted for the Isle of Wight where the local authority is being offered responsibility for the island's railway line. The local council

have been assured that the proposition is not "closure by stealth" but offers an opportunity for new investment and greater integration with other services, however no formal proposal has yet been made since various studies have yet to be completed. The SRA is anxious to allay fears that such a change in responsibilities will mean that the Island is separated from the national network.

3.7.4 Numerous independent railway lines exist throughout Wales and the rest of Britain, which offer varying levels of "service" to the general public and which is not subject to the scrutiny of the SRA. These have obtained their operating powers under various Acts of Parliament, notably the Light Railway Acts and the successor Transport & Works Act 1992.

3.8 PTAs and PTEs in connection with the Railways Act 1993, as modified by Transport Act 2000

3.8.1 Under the Transport Act 2000, each PTA is required to formulate a statement for rail passenger services in the area that includes minimum levels of service and infrastructure quality, and requirements for fares.

3.8.2 A PTE may then submit to the SRA a statement that relates in whole or part to services for which it is responsible. The statement may cover: the services level, minimum levels of quality, and requirements in respect of fares. The SRA has a duty to include the PTE requirements in the specification of services for franchise operators.

3.8.3 The SRA is then empowered to enter into an agreement with a PTE subject to the approval of the PTA concerning the provision of local rail services.

4. Following the successful conclusion of negotiations then the PTE shall be a party to any franchise agreement to which it relates. The PTE is a "co-signatory" of the franchise agreement.

3.8.5 In the event of a failure to agree, then an appeal can be made to the Secretary of State who may give directions to the SRA or PTE as he sees fit, including in respect of payments.

3.8.6 The funding process involves the PTE invoicing to the SRA for the cost of supported rail services, net of penalty and bonus payments together with any additional payments due. The actual route of the funds (from April 2001) is DETR to SRA, to PTA, to PTE, to Train Operating Company (TOC). The position in Scotland will be different in 2004 (see below).

The Powers of Other Assemblies in respect of rail services

3.9 Scotland

3.9.1 The Scottish Executive is empowered to give the SRA directions and guidance for wholly internal rail passenger services, and guidance on other services provided by that franchise agreement that start or finish in Scotland, subject to the overarching directions and guidance issued by the Secretary of State or the SRAs Financial Framework.

3.9.2 It may also give advice (only) on services provided by other franchise agreements that start or finish in Scotland (for example the East and West Coast Main Line franchises).

3.9.3 In practice the Scottish Executive sees its role in connection with the Scotrail franchise as leading the consultation process then giving directions and guidance to the SRA who then administer the centralised franchising process in consultation with the Scottish Executive (and SPT within their operating area). The funding process in Scotland has recently changed and the SE pays the money for the franchise to SRA (who then pass it on to the franchisee).

3.9.4 The current route of the money is DETR, to SE, to SRA or SPTE, to TOC.

3.9.5 With effect from 2004, funding for the Scotrail franchise will come from the Scottish Assigned Budget (the main Scottish block grant under the Barnett formula) and be routed via Strathclyde PTE or SRA to the TOC. The Scottish Executive has the (unique) power to pay the SRA under a Scotland Act 1998 Order to transfer powers under the Transport Act 2000.

3.10 Northern Ireland

3.10.1 Current powers were legislated under the former Stormont Government in 1967. This created the state-owned Northern Ireland Transport Holding Company, which operates rail and most bus services.

3.10.2 Strategic planning is carried out at the centre with a block grant allocated to the Transport Company. This grant covers the Passenger Service Obligation (PSO) obligation for the railway services and a certain amount of capital investment for rail and bus services, very much along the lines of the former British nationalised industries. Decisions on service levels, fares and investment are in principle a matter for the Board of the Holding Company.

3.10.3 A number of complex financial devices result in bus services being operated without revenue subsidy, albeit with some capital grant assistance; whilst rail services are supported through PSO grants. These grants may also be outlawed by new European rulings and in any case are claimed to be inadequate to sustain the bus and rail industries as currently operating.

3.10.4 A Regional Transport Plan is under development with integration of planning activity and service provision a key component.

3.10.5 Local authorities are geographically small and have few powers on transport provision.

3.11 London

3.11.1 A different situation applies in London, although so far as the SRA is concerned the Mayor and the Greater London Authority have few powers beyond those of a local authority. The Mayor may issue instructions and guidance which the SRA must take into account unless it conflicts with national objectives or results in an increase in subsidy to the operator.

3.11.2 More generally, however, London provides an example of a fully integrated land use and transport planning concept. The mayor is required to produce a plan for land use development (Spatial Development Strategy) whilst also carrying direct responsibility for Transport for London (TfL), which embraces the provision of public transport and the strategic roads network including all traffic signals.

3. The Greater London Authority Act 1999 places a duty upon TfL and the SRA to co-operate with one another for the purpose of co-ordination of services within Greater London.

3.12 English Assemblies

3.12.1 Still at a formative stage but important in the process of developing Regional Planning Guidance and Regional Transport Strategy as over-arching framework documents within which local authorities develop their various planning policies and documents. The SRA does not consult through regional or devolved authorities.

3.12.2 The current composition of the English Regional assemblies is a mixture of nominated elected members from local authorities and others from the wider community, including some used to address under-representation.

European Examples

1. Germany

4.1.1 It should be recognised that Britain is unusual in the world in the extent to which political attention is paid to public transport. In Germany relatively high quality services are provided, funded through high levels of capital and revenue aid, and generally without controversy.

4.1.2 The structure of government in Germany is strongly federal in the sense that the

regions (Lander) have a significant role in funding public transport investment. Each Lander broadly equates in size or population to a UK Region (e.g. Wales) and each Lander has a government including a Minister for Transport. Below Landers come the individual local authorities for each city, town or rural county.

4.1.3 The operating industry is structured as independent companies, often wholly owned by municipalities, although many are privately owned. The composition of the management boards of these companies often includes representatives of trades unions and banks, as well as executive members.

4.1.4 Support for public transport services comes in two forms; firstly many local authorities also own utility companies, for example gas or water services. These businesses are generally profitable and cross-subsidise public transport services. Local authorities are generally reluctant to subsidise public transport directly. Secondly, the Lander may provide subvention on the basis of contracts with operators.

4.1.5 The Board ("PTA") typically consists of representatives from local authorities and lander. In some cases there are political appointees representing the principal democratic units.

4.1.6 The areas covered can cover extended areas and populations, comparable to or even larger than those served by British PTEs.

7. The negotiations with operators in urban areas are frequently conducted through local organisations similar in concept to PTEs, known as "Verkehrsverbunds" (VBs).

4.1.8 A typical VB will have a chairman and board of directors, together with a team of officers. VBs have no operating powers, but carry out the functions of planning, marketing and securing services. Each VB sets fare levels, although at times they can find it difficult to balance conflicting local pressures.

4.1.9 Operators are reimbursed subject to a complicated formula which is operated in a non-competitive environment. The formula includes elements reflecting quality, cleanliness and reliability. Germany, like all EU states, is facing increased pressure to introduce competitive tendering.

4.1.10 VBs are responsible for the detailed specification of services and fares, including the management of revenues from the integrated fares and ticketing systems that are common in Germany. Many VBs include significant rural areas.

4.1.11 A system of local property and fuel taxes (1 pfennig per litre sold) helps generate funds for capital schemes in the locality of the tax collected. Typically 60% of the special fuel tax is targeted at public transport capital expenditure, although in practice a lower level is often achieved. The local nature of this capital investment is apparent in the number of high quality rural transport interchanges to be seen throughout Germany. A major scheme might be funded using; 60% Federal money, 30% Lander and 10% local.

4.1.12 As will have been seen, in many ways the VBs function in a similar way to a British PTE, however VBs can work with organisations as small as 20 staff.

1. Holland

1. In some ways Holland could be regarded as a Lander in the German sense, although control is very much more centralised through a 20 year National Transport Strategy and National Planning Strategy. This balances public transport and highway investment.

4.2.2 The plans of the National Transport Strategy are subject to review and adjustment at regular intervals (typically 5 yearly) following publication of results including monitoring of 48 key public transport indicators.

4.2.3 In an institutional sense, below the National government comes the "provinces", which are responsible for the broad overall strategy for the area, including production of the structure plan. There has been a debate about the need for this level of government, which has been resolved by their continuation.

4.2.4 Below the provinces come the towns, districts and cities who in many cases have organised themselves into Central Planning Regions and Central Transport Regions (not necessarily with the same boundaries and smaller than provinces). These are politically accountable to the relevant local authorities through an authority consisting of nominated politicians. In a public transport sense, these compare with UK PTEs. Central Government have substantial reserve powers in the event of a local authority attempting to deviate from national guidelines.

4.2.5 Major schemes are funded through a National Infrastructure fund, however local authorities (provinces and local authorities) can make a case for increased investment by making further contributions themselves.

4.2.6 Procurement of services is managed through the provinces and the local authorities as appropriate.

4.2.7 Public transport ownership is again through a structure of companies owned municipally, privately or publicly (Arriva have significant bus interests in Holland).

4.2.8 The national rail system (NS) is divided into several components, similar to the British industry, however it remains mostly in central ownership. A process of franchising loss making services has commenced including one case of a unified rail and bus network.

4.2.9 The network of bus and train services offered is highly integrated with many bus/rail interchanges and integrated fares and ticketing systems.

2. France

4.3.1 France represents another highly centralised approach, making use of a mayoral system with accountability to scrutinising elected bodies.

4.3.2 Each mayor can raise money through three mechanisms: local property tax, local employment tax and central government grants. The employment tax is typically in the range 0.25% - 1.5% of employment costs (higher in Paris), for employers with more than 5 workers. This particular tax can only be levied by communities with an aggregate population over a certain size (currently 100,000), which encourages smaller communities to work together. A good example is Lille where 87 small authorities work in co-operation together.

4.3.3 Again private companies operate most services under management contracts that specify service levels and fares to be charged. Shortfalls in income are made up through the employment tax system. Some of these franchises can be of extremely long duration, for example 20 years.

4.3.4 Capital investment is also helped by the employment tax, in addition to which central government might make contributions. Grants from central government are made as block grants that are not ring-fenced.

4.3.5 The power of the mayor can be demonstrated by the controversial tramway system built in Strasbourg, where the mayor diverted all funding into the project, which was heavily criticised at the time but which subsequently turned into a big success, enabling the mayor to be re-elected.

The Issues

5.1 Introduction

5.1.1 The fundamental issue about strengthening the position of public transport planning is the need to be clear about the objectives, potential benefits and costs that derive from making a change. The following issues have emerged from the consultation exercise conducted with central and local government officers throughout Britain and others with international experience.

5.1.2 In some ways these set out the arguments for creating stronger public transport bodies in Wales and may help in considering the appropriate mechanism to achieve a better balance.

5.2 The need for public transport to have strong and confident leadership

5.2.1 Recent statistics for Wales have indicated around one-third of households have no access to a car, whilst even those households with access to a car will still be to some extent dependant upon public transport services, particularly non-drivers, or the disabled.

5.2.2 Today there is an increasing awareness of the positive contribution that effective public transport services can play in a sustainable transport strategy. However for public transport to succeed in creating a viable alternative to the motorcar, assisting social inclusion and benefiting the environment, it is essential that it is recognised and championed whenever and wherever possible.

5.2.3 In order to achieve this aim a strong partnership of committed politicians and executives is essential if engrained prejudices are to be overcome.

5.2.4 In Wales much of this process is entrusted to local authorities that individually, or in partnership with others, seek to secure the best possible bus and rail passenger services. Elsewhere the creation of dedicated organisations that are committed to developing and securing better public transport services have been able to secure higher levels of investment than would have been possible otherwise. Examples of this visionary approach can be seen in all seven British PTEs where substantial funds have been invested in rail, light rail and quality bus schemes. In addition they have all developed integrated ticketing schemes and secured bus and rail services that are tailored to local needs. They also claim to have achieved considerable efficiency gains in the provision of basic transport services for social and education purposes.

5.2.5 Whilst PTA/ PTE organisations offer a clear and distinctive means to achieve improved public transport commitment, other models have also achieved notable successes, for example Bristol and South Gloucestershire Councils in partnership are developing plans to construct a major light railway scheme, as are the unitary authorities around Portsmouth, whilst Derbyshire, Nottinghamshire and Leicestershire working in partnership have achieved significant restoration of rail passenger services over former freight lines in the three counties.

5.3 Accountability

5.3.1 There is a need to balance the powers of the Executive against those of the political body. In Northern Ireland the operators determine operational priorities after receiving an allocation of funds and general policy direction, whereas in some local authorities close political attention is paid to the smallest matters concerning tendered bus services.

5.3.2 Elsewhere the arrangements for the Greater London Assembly to scrutinise the wide powers of the Mayor, and the accountability of the Strategic Rail Authority represent a shift in power towards the Executive and away from political consensus.

5.3.3 In seeking a strong leadership role for the chief officer of a transport authority, it

may be appropriate that the appointment and conditions of service of this individual is subject to determination by a higher authority.

5.3.4 The nature and characteristics of the different models lend themselves to different organisational structures and therefore accountability. For example bus services that are provided commercially are subject to only marginal political influence, whereas services provided and supported for social reasons may be subject to intense local scrutiny.

5.3.5 On the other hand, rail services, which themselves vary considerably in their characteristics, require a more strategic, less parochial, view balancing the differing needs and aspirations along the route.

Accountability needs to be appropriate and balanced

5.3.6 When PTAs were first established in England, in addition to local representatives from the various diverse local government organisations, the Department of Environment also had a small number of nominated members on the Authority. The rationale of this provision is unclear; possibly it was designed to encourage a higher calibre of representative on the PTA, or else it enabled some direct monitoring of the new project. It has been suggested that the original vision for PTAs in the 1960's was for operators and other stakeholders to be represented, however this never reached fruition. In practice the ranks of these non-political members were filled by "the great and the good" and may have become political issues in themselves had it not been for subsequent reforms that removed these individuals from the PTAs.

5.3.7 At first PTA meetings occurred at three-monthly intervals, with more frequent working groups. The length of the intervals reflected the devolution of authority to the Executive who operated with some freedom within the strategy determined by the PTA.

5.4 Local consultation

5.4.1 Many PTAs have established advisory committees, which offer a wide range of interested parties the opportunity to influence the PTA and PTE on relevant matters. As well as local members of the PTA, advisory committees may include representatives from operators, trades unions, business interests, pressure groups and individuals that have a contribution to make.

5.4.2 In some cases formal constitutions exist setting out guidelines for committee membership, intervals of meetings, election or nomination of chairman or vice-chairman, relationship with PTA etc.

5.5 Subsidiarity

5.5.1 It will be seen that a case can be made for devolution of public transport planning

to the lowest appropriate level, consistent with the efficient and economic procurement of services.

5.5.2 The PTEs were initially created to serve "designated areas" loosely defined by the journey to work catchment of the centre(s). As a consequence, for example the designated area of Tyneside PTE at first included southeast Northumberland as well as the industrialised River Tyne belt. Today Strathclyde PTE is the best example of this principle at work.

5.5.3 Other situations can be envisaged where the major attractors are so closely interwoven that it is not possible to separate the catchment areas. West Yorkshire PTE includes Leeds and Bradford at its heart and has developed strong rail corridors between the two centres.

5.5.4 In South Yorkshire, some may regard Doncaster as peripheral to the working of the PTE, however powerful arguments can be put forward about the benefits that Doncaster has enjoyed from being a part of the larger organisation. These include benefits from efficient procurement processes including the integration of different modes and transport needs, the ability to deliver visionary schemes such as the prestigious Doncaster Interchange development, and the development of area-wide standards for the provision of infrastructure.

5.5.5 It may be argued that the planning needs of a centralised rail network are quite different to those of buses in outlying rural areas. In some cases the PTEs have addressed this issue by operating a territorial, or sub-regional, structure for local planning and co-ordination issues.

5.5.6 At a political level a key issue is whether larger public transport planning and delivery units are accountable to the National Assembly, Local Authorities or some combination of both.

5.6 Boundary Issues

5.6.1 Earlier discussion referred to the logic of journey to work catchment areas for the purposes of identifying natural public transport planning units. In this respect the issues are brought into sharp focus in North Wales.

5.6.2 Firstly the north Wales railway line connects a series of important communities with employment, shopping and other travel opportunities within and outside Wales including tourism and international travel. The railway has the potential to deliver much more. However in many cases the provision of integrated local bus services will be a matter for local resolution.

5.6.3 The proximity of Deeside Industrial Park and Broughton to Cheshire and the attractions of Chester, result in a complex pattern of journey to work and other movements between Wales and England. Informal liaison arrangements already exist between Flintshire, Wrexham and Cheshire.

5.6.4 Experience of the two Yorkshire PTEs, which share a lengthy common boundary broadly consistent with journey to work catchment areas, suggests that good working relationships can be achieved.

5.7 Rural Areas

5.7.1 Most PTEs have some responsibility for public transport provision in rural areas. By adopting a sensitive approach these responsibilities are usually discharged effectively.

5.7.2 The PTEs would argue that rural transport provision is not provided at disproportionate expense because the activity can be regarded as "marginal" to other activity. In addition the particular skills and knowledge of the larger PTE organisation can significantly contribute by locating and arguing in favour of funding from various sources. The PTEs would point to examples of higher quality bus and train services than would have been likely if the services had been outside the PTA area.

5.8 Consistency with land use and highways planning

5.8.1 A stronger voice for public transport will assist in reinforcing the new planning balance that emanates from the local authorities' Unitary Development Plans, Local Transport Plans and Bus Strategies.

5.8.2 The PTEs have each produced unified Local Transport Plans through a partnership between the PTA and the various district councils. This has helped ensure a consistency of approach and an emphasis on public transport solutions.

5.9 Centre of excellence

5.9.1 A major benefit that accrues from a more centralised approach to public transport planning is the creation of a broad and deep skills base.

5.9.2 The current arrangements involving relatively small unitary authorities calls for public transport professionals that are generalists, and who cannot be expected to have deep knowledge of all aspects of public transport. Within a larger organisation, room can be found for specific rail expertise, bus service planning skills, infrastructure design skills, information skills etc.

5.10 Balancing modes

5.10.1 As already indicated a stronger voice for public transport will help bring a proper balance to the conflicting calls for funding. In the widest sense these might include bus, rail, ferry and air services.

5.10.2 The current arrangements that prevail in local authorities whereby public

transport co-ordination and development falls under the Highways directorates generally led by highways engineers inevitably results in the ultimate balance being given to highways schemes rather than public transport schemes.

5.11 Rail Franchising and the Strategic Rail Authority

5.11.1 The Scottish experience of being able to direct and advise the SRA on matters relating to the internal Scotrail franchise reflects the completeness of the rail network in Scotland, large elements of which are relatively free from cross-border issues.

5.11.2 Before the creation of the newly redefined Wales and the Borders franchise, the former Cardiff Valleys franchise was in a similar category of operating entirely within Wales, however the powers of the Assembly do not parallel those of the Scottish Assembly.

5.11.3 By including parts of England in the Wales and Borders franchise, the question arises of the funding and service specification of services through Shrewsbury. Some years ago there were examples of PTEs extending their powers beyond the designated area in order to embrace the natural catchment of the service. Most of these have disappeared as a reaction to pressure to reduce costs on the local tax payer. One known marginal example that still applies is Hooton station in Cheshire which is supported by Merseytravel; indeed, Merseytravel made a financial contribution towards the electrification of the services to Chester and Ellesmere Port, in Cheshire.

5.11.4 The potential award of a long term franchise for the operation of the Wales and Border franchise will leave the NAW, and every other relevant authority, with an ability to develop the network through Rail Passenger Partnership (RPP) funding, irrespective of any institutional changes.

5.11.5 Such developments could include innovative solutions, for example re-opening closed lines or the application of new technologies.

5.12 Viability and critical mass

5.12.1 In Wales and Scotland local government is organised on a unitary authority basis, whilst in England elements of the former tiered county/ district system remain in place. The argument for retention of a tiered structure in parts of England has been about the ability or viability of smaller authorities to effectively and efficiently handle various services including public transport co-ordination.

5.12.2 The more authorities responsible for the process over a certain area, the more perceived inefficiency is created due to boundary constraints, and the inability to effectively understand and market the product.

5.12.3 The experience of the Gwent Joint Passenger Transport Unit is that a limited successful model for 4 local authorities working together has been achieved. This involves procurement of transport, SRA consultation, administration of the concessionary fares scheme and a knowledge-base on public transport for the constituent authorities.

5.12.4 A similar model applies in Scotland where Stirling and Clackmannan jointly procure bus services.

5.13 Revenue v capital argument

5.13.1 Public transport is a potential consumer of both capital and revenue expenditure, similar to highways albeit in radically different proportions.

5.13.2 The much quoted, but ultimately artificial difference between sources of capital and revenue funds fails to acknowledge the value that can be obtained from revenue investment. Numerous examples can be quoted where had capital investment been diverted into public transport schemes, whether into service enhancement, quality rolling stock or low fares packages, then real change could have been effected and sustained for a considerable period. In extreme cases it is possible to point to public transport alternatives that include free services operating for a number of years.

5.13.3 It is important to acknowledge that subsidy, whether capital or revenue, is ultimately being given for the benefit of the travelling public.

5.14 Revenue Risk

5.14.1 Current arguments between the PTEs and the SRA concern revenue risk on rail services provided for PTEs. Two differing situations apply; in England a system of rolling accounting gives no net financial benefit to a PTE that takes the revenue risk, in Scotland however SPT can accrue surpluses in its rail franchise account. SPT claim that by taking the revenue risk themselves, they have benefited from strong patronage gains and marginally above inflation fares increases whilst the removal of the risk element from the franchise enabled the operators to submit a lower price than would otherwise have been possible.

5.15 Sources of funding

5.15.1 As described above, public transport has the potential to require sources of continuous revenue funding as higher standards are demanded.

5.15.2 Rail service funding is essentially provided from the centre, albeit routed in some cases via local authorities and PTEs. Historically funding for PTE rail services was divided between central and local government. Initially 100% funded from the centre, PTEs went through a transition until they funded 30% of costs locally. Subsequent restructuring of local government, including finances, together with the

privatisation of the railway industry has brought about a situation where the PTEs again fund core rail services exclusively from central government (DETR) block grants routed via the SRA.

5.15.3 Other PTE costs are funded through a levy process where negotiations are conducted between the PTA and the constituent local authorities and an agreed formula for funding evolves. This need not be related to SSA (Standard Spending Assessment) settlements since public transport allocations are not ring-fenced. This is unlike equivalent police and fire authorities where the powers to precept apply.

5.15.4 Potential new sources of revenue include:

- Hypothecated local revenues
- Channelling business rates into public transport (as in France)
- Road pricing
- Workplace parking charges

5. Parts of Wales qualify for Objective One European funding. In addition to direct funding of services and infrastructure, there may be potential to use this source to help overcome the costs of travel by public transport by sponsoring the travel costs of workers given access to new employment opportunities.

5.15.6 If the mechanism for funding a PTE-style institution is through local authorities it is important that public transport funds are ring-fenced and not subject to local political fixes.

5.16 Highways powers

5.16.1 London provides an example of an integrated approach to highways and public transport planning, with the Mayor responsible for the strategic highway network in addition to all traffic signals in the capital.

5.16.2 In this unique case, a strongly pro-public transport organisation has the ability to re-allocate road capacity in favour of buses and trams as well as cyclists and pedestrians. In addition, through the powers of the mayor, a strong police enforcement role is also evident.

5.17 Land use planning

5.17.1 A stronger public transport function offers the potential to more strongly integrate land use planning with public transport planning. For example investment in rail services offers the potential to create new hubs for employment and other development. This is clearly evident on continental Europe and can also be seen in the recently announced plans for London and many areas, for example areas of

unemployment where public transport links are seen as a catalyst for new enterprise.

5.18 Social Inclusion

5.18.1 Affordable public transport offers real opportunities to help deprived sections of the community by broadening their lifestyle and offering a greater range of employment opportunities.

5.18.2 Specialist units can ensure that the network is accessible, affordable and most importantly understandable by all sections of the community.

5.19 Quality and monitoring

5.19.1 There is a need for a consistent and balanced approach to monitoring the performance of public transport services to ensure that standards of delivery, in all respects, are achieved and maintained.

5.19.2 The Traffic Commissioner has a role in respect of bus safety and reliability. The SRA and local authorities have a role in ensuring that train service standards are achieved and maintained. Local authorities also have a role in ensuring that infrastructure is maintained to a safe and appropriate standard.

5.19.3 PTEs are significantly involved in monitoring the performance of all aspects of public transport provision including infrastructure standards as well as operational performance.

5.20 The Traffic Commissioner

5.20.1 The Traffic Commissioner acts under the 1985 Transport Act with powers to regulate certain quality aspects of the bus industry. These powers relate to operator licensing, including vehicle safety, adherence to service registrations and in exceptional cases conduct in service. A range of penalties is available to an operator found in breach of the required standards including revocation of the operators licence. Appeals, dependant upon the offence, either leads to the "Transport Tribunal" or the Secretary of State.

5.20.2 Over the years a number of criticisms and comments have been made about the effectiveness of the Traffic Commissioner, with the suggestion that their powers be transferred, for example, to local authorities or PTEs. The operating industry has resisted such attempts, pointing to the independence of the Traffic Commissioners which could be compromised if subsumed into a procurement organisation.

The Models

6.1 Earlier sections of this report have indicated examples of public transport institutions in the UK and Europe. No simple answer applies for any location and the

eventual arrangements derive from a series of compromises between what is achievable and the cost and the political consequences.

6.2 Accordingly rather than draw attention to individual examples, it is perhaps more appropriate to consider the range of options and permutations available and for politicians to balance their aspirations with the practical implications of their decisions.

6.3 Appendices B and C set out the model structures of PTA and PTE structures respectively.

6.4 Appendix D deals with the current powers of procurement of the National Assembly.

6.5 Appendix E deals with a number of specific legal issues should major changes be envisaged.

6.6 Analysis of models

6.6.1 In determining options for public transport planning models, there are overarching issues that need consideration, particularly the relationship with land use and highway planning.

6.6.2 Four areas have been identified which define the potential model for public transport planning that may be appropriate for Wales and worth evaluating, these being:

- Accountability
- Dealing with SRA
- Dealing with buses
- Relationship with other planning processes

6.6.3 For each geographical model listed below, the options for each of the above headings are listed on subsequent pages of this report:

- Welsh National Passenger Transport Authority (WNPTA)
- Welsh Regional Passenger Transport Authorities (WRPTAs)
- Local Passenger Transport Authorities (LPTAs)

6.7 Welsh National Passenger Transport Authority (WNPTA)

6.7.1 In this model one single organisation would cover all Wales with the potential to be organised on a divisional area basis where appropriate to deal with localised matters. Such an approach will enable a national balance to be struck between broader and local needs and aspirations. The role would be to develop policies and strategies, fund, implement and monitor them with responsibility for all levels of decision making. Legislation would be required to set up such a national public transport authority.

2. Alternative Political institutions

- NAW is the PTA
- Local authority delegates form the PTA
- Mixture of NAW and LA representatives with other non-political appointees
- Mayor (or Czar) with scrutinising authority
- Supporting advisory committees

6.7.3 Powers on rail matters

- Statutory mini-SRA for Wales (this could get its funding from a mixture of track access charges and government grants. It is considered that discussions with the 'central SRA' regarding cross-border services would be best achieved via negotiation rather than a statutory framework). This would require primary legislation including potential powers to operate train services; there are potential boundary issues.
- Delegation of SRA powers (e.g. Merseyrail Electrics or Isle of Wight) to PTA/PTE. Requires primary legislation. In this case the PTE would gain powers to operate train services; there are again potential boundary issues.
- Power to direct SRA (e.g. powers of Scottish Executive on services wholly within Scotland)
- Co-signatory (as current PTEs within designated areas, with arbitration by the Secretary of State)
- Advisory
- Consultee

6.7.4 Powers on bus matters

- Potential to take a sub-regional (divisional) approach to planning and procurement
- Potential to delegate to LAs, taking strategic directions from the WNPTA

Would need to take new powers, or as part of a PTE approach, or by agreement with local authorities. Statutory Quality Contracts offer a route to fully integrated approach to bus service provision

5. Other planning issues

- Relationship with land use planning
- Relationship with highway planning

In each case the wider planning issues also need to be considered.

6.8 Welsh Regional Passenger Transport Authorities (RPTAs)

6.8.1 In this case smaller administrative areas, aligned with NAW political regions would be created offering the benefit of a more localised, tailored solution for the differing needs of each region of Wales.

6.8.2 Political institutions

- National Assembly Region is the PTA
- Local authority delegates form the PTA
- Mixture of NAW and LA representatives with other non-political appointees
- Mayor with scrutinising authority
- Supporting advisory committees

6.8.3 Powers on rail matters

- Delegation of SRA powers (e.g. Merseyrail Electrics or Isle of Wight) to PTA/PTE. Requires primary legislation. In this case the PTE would gain powers to operate train services; there are potential boundary issues.
- Power to direct SRA (e.g. powers of Scottish Executive on services wholly within Scotland)
- Co-signatory (as current PTEs within designated areas, with arbitration by the Secretary of State)
- Advisory
- Consultee

6.8.4 Powers on bus matters

- Potential to take a sub-regional approach
- Potential to delegate to LAs

PTE approach will gain powers over bus services. Statutory Quality Contracts offer an eventual route to fully integrated approach to bus service provision

6.8.5 Other planning issues

- Relationship with land use planning
- Relationship with highway planning

In each case the wider planning issues also need to be considered.

6.9 Local Passenger Transport Authorities (LPTAs)

6.9.1 A greater number of smaller units which can be regarded as groupings of local authority areas.

2. It is believed that it is within the competence of the local authorities to establish a joint transportation policy making unit (under Local Government Act 1972). The ability of an authority to contract out its services (i.e. delegate to a 'joint board' of other local authorities) is further confirmed under Section 18 of the Local Government Act 1999 (the 'best value' act). An alternative approach to the joint board process is to follow the 'formal' PTA/PTE model, which would require new legislation.

6.9.3 Political institutions

- Local authority delegates form the PTA
- Mixture of NAW and LA representatives with other non-political appointees
- Mayor with scrutinising authority
- Supporting advisory committees
- LA Partnership

6.9.4 Powers on rail matters

- Co-signatory (as current PTEs within designated areas with arbitration by the Secretary of State)
- Advisory
- Consultee

6.9.5 Powers on bus matters

As local authorities or PTEs, statutory Quality Contracts offer a route to fully integrated approach to bus service provision

6. Other planning issues

- Relationship with land use planning
- Relationship with highway planning

In each case the wider planning issues also need to be considered.

6.10 Costs of centralising public transport planning

6.10.1 The effect of moving to larger geographical areas of responsibility should enable a concentration of resources that are currently dispersed through the unitary authority structure in Wales. However with activities likely to be increasingly high profile and with higher expectations from the public it would be wrong to expect costs to be contained to current levels.

6.10.2 Intuitively the costs of running a PTA would be assumed to increase as separate institutional arrangements are created with associated new costs.

6.10.3 At an Executive (PTE) level it might be reasonable to assume that the current resources assigned by local authorities to public transport could be concentrated into the new PTE(s), possibly at no net cost provided that savings can be delivered at the Unitary Authorities. In this respect it is instructive to consider the costs and activities of English PTEs.

6.10.4 Any analysis of running costs of the current PTEs is complicated by direct

trading activities at three of them (Merseyside, Tyne and Wear and Strathclyde). The smaller South Yorkshire PTE may give the best indication of the costs of running a mature smaller PTE organisation, whilst West Yorkshire illustrates a larger PTE. Abstracts from published accounts are as follows:

South Yorkshire PTE West Yorkshire PTE

Supported railway stations 34

Bus shelters 3,000

Bus stops 8,000

Rail service costs and revenues £20,857,000 £36,200,000

(Note – all PTE rail monies are funded via central government)

Staff numbers (* WYPTE includes 96 manual staff) 262 338 *

Grants from PTA (Council tax levy) £59,935,000 £52,500,000

Other income, grants, rental, etc. £3,420,000 £6,000,000

Concessionary travel (scholars, disabled & OAPs) £22,232,000 £19,700,000

Net cost tendered services £5,594,000 £13,600,000

Total staff employment costs £5,592,000 £6,092,000

Premises costs £3,794,000

Supplies and services £1,938,000

Route equipment (cleaning & maintenance) £1,920,000 £3,500,000

Transport £27,000

Administrative expenses £1,375,000

Special needs transport £1,600,000

6.10.5 The above indicates operating costs in existing PTE's, and an idea of potential costs for any new 'PTE', although the populations and the time that PTE's have been operating (i.e. achieving economies of scale) should be considered. In addition, any

new organisation would have significant start-up costs e.g. building premises.

6.11 The benefits of more efficient and effective procurement

6.11.1 The real potential from the creation of a more centralised approach derives from more effective and integrated procurement of services. Whilst this may offer the potential to reduce net costs, the likelihood is that these "savings" will be reinvested in higher quality services with pressure for still greater levels of expenditure.

6.12 Increased expectations for high quality public transport services

6.12.1 By raising the profile of public transport by initiating institutional change, it is inevitable that the public will have aspirations for improved and higher quality services. These aspirations will be expressed in terms of service levels, service quality, infrastructure, information etc.

6.12.2 It would be wise to budget on increased expenditure on services to meet some of these aspirations. It will also be necessary to draw up clear guidance on criteria for investment, best value etc., in order that reasonable judgements can be made about options for investment decisions.

The Tests

The following tests are considered the most relevant in making a final decision on the most appropriate model or combination of models should it be decided to proceed with institutional change.

- Relevance to area

Whether the organisation would be perceived as meeting the needs of the travelling public

- Accountability

Executive and political structure that is effective and balanced

- Development of an integrated public transport network

Able to make progress towards the aims of the National Assembly

- Quality of political decision making

Attracts sufficient politicians of sufficient calibre

- Effective rail powers

Able to effectively influence the rail franchise process

- Effective bus powers

Able to deliver an integrated network

- Effective highways powers

Able to strike a fair balance on investment

- Influencing land use planning

Ability to influence land use planning from a public transport perspective

- Impact on passenger travel

Ability to stimulate public transport ridership

- Impact on freight travel

Impact on carriage of freight

- Capital

Ability to attract capital funds

- Revenue

Ability to attract revenue funds

- Achieving best value

Meeting best value criteria

- Skills

Making best use of scarce skills

- Easily established

Legislative requirements to effect changes

- Stability

Appendix A - Populations

Population comparisons Millions

Greater Manchester 2.50

Merseyside, trading as Merseytravel 1.40

Strathclyde, trading as SPT 2.15

South Yorkshire 1.26

Tyne and Wear, trading as Nexus 1.10

West Midlands, trading as Centro 2.55

West Yorkshire, trading as Metro 2.01

TAITH 0.66

SWITCH 0.66 (0.73 including Ceredigion)

Mid Wales Partnership 0.19 (0.39 including S. Gwynedd)

TIGER 0.38 (0.55 including Caerphilly)

SWIFT 0.86 (1.03 including Caerphilly)

SEWTAG 1.41

Wales 2.94

Northern Ireland 1.69

Scotland 5.12

Holland 15.45

German Lander Rhine-Ruhr 15

Bavaria 8

Hamburg 3

Appendix B - Notes on PTA structures in Britain

Composition of PTAs

The composition of each English Passenger Transport Authority is laid down in the Local Government Act 1985, together with the composition of equivalent police, fire and civil defence authorities. The variation in membership of each PTA is evident in the following table:

Authority Number of LA's Total PTA Membership

Greater Manchester 10 30

Merseyside 5 18

Strathclyde 12 34

South Yorkshire 4 12

Tyne and Wear 5 15

West Midlands 7 27

West Yorkshire 5 22

Each PTA is supported by a secretariat that provides a number of member services.

Secretariat to Passenger Transport Authorities

The functions of a secretariat to a PTA are as follows:

- Administration of meetings; agendas, minutes etc.
- Legal support for members
- Payroll
- Accounting for PTA
- Auditing
- Best value

The staff of a secretariat will include a Clerk to the Authority and a Treasurer together with such other support staff that is necessary.

Three models organisations exist to support the activities of a PTA as follows:

- Integrated with PTE
- Independent, using resources of a lead local authority
- Joint secretariat with other similar authorities e.g. police, fire and pensions

Integrated with PTE (Merseyside)

The aim of this model is to obtain the best use of resources by bringing two organisations under a management control.

Secretariat staff are identified within the PTE organisation, with only one individual drawn from outside (Chief Executive of Wirral MDC acts as Clerk to the PTA because of his legal background). The structure encourages close working ("common purpose") between members and officers, but has been criticised by others as being incestuous and potentially destructive in the event of disagreements. One unique reason for developing this model may be the direct responsibility of the PTA for the administration and operation of the Mersey Tunnel, which at one time was administered by a separate organisation.

Lead authority (West Yorkshire, Greater Manchester, West Midlands, Tyne & Wear)

In this model the support activities for the PTA are fulfilled by an independent organisation within a constituent local authority. In this case the various core roles identified above can be more readily expanded to include policy development. In Tyne & Wear the various authority secretariats are distributed amongst the local authorities and in the case of the PTA, Newcastle City Council provides the service. The Chief Executive is Clerk to the PTA, whilst the Chief Finance Officer is Treasurer.

Joint secretariat (South Yorkshire)

In this case the various similar agencies for South Yorkshire have come together to create a secretariat team, sharing administrative and other specialist resources. Outside staff are used for best value audits, whilst the role of permanent staff are seen as facilitating and co-ordinating, rather than giving policy advice.

Appendix C - Notes on PTE structures in Britain

Composition of the Executive

The minimum legal requirement for a Passenger Transport Executive is set out in the Transport Act 1985. It specifies a Director General with between two and eight other directors.

Various different structures exist at the PTEs, including instances of non-Executive Directors (in South Yorkshire each local authority Chief Executive also sit on the PTE in a non-Executive capacity). The precise composition of each PTE is subject to periodic local review as evidenced by plans to re-organise the Executives at two locations.

The Functions of a Passenger Transport Executive

Currently, PTEs operate in a number of key areas of public transport provision, which for convenience have been divided into five groupings as follows:

- Development
- Planning
- Marketing
- Procurement
- Administration
- Secretariat to PTA (option)

Development

Development of PTA policy towards public transport provision, in consultation with local authorities, government agencies and politicians. Culmination is a policy document from PTA and programme for implementation (similar to LTP). Similar input into other planning processes, e.g. structure plans, transportation studies etc.

Working up major schemes for implementation, including transportation modelling, investment appraisal, economic appraisal, and identification of funding sources. Such schemes might include upgrading rail services, developing interchanges, creation of quality bus corridors.

Planning

Detailed planning of passenger transport services as appropriate. For rail services this includes service specification, evaluation, consultation and negotiation. For bus services this (currently) involves identification of deficiencies in the commercial network and using the tendering process to fill in the gaps.

Various examples exist of PTEs planning education transport (South Yorkshire) and special needs transport (West Yorkshire). The potential exists to build further by including health and community transport services.

Other aspects include ticketing developments, for example smart cards and other multi-modal solutions (including disbursement of funds).

Potentially included in this category are the routine activities of taxi and private hire car licensing (currently exclusively a LA function in PTE areas)

Marketing

Marketing includes the collection of information on existing and potential passenger travel, including attitudes and aspirations for public transport. This information can build into a database that can be used to predict and monitor the effect of changing service levels, assist revenue disbursements for concessionary and multi-modal travel and enable target marketing of promotional material.

The monitoring role is particularly important where a regime of performance related support payments exist. For example rail franchises generally include a scale of bonus and penalty payments related to operational performance, and tendered bus services may have similar provisions.

Procurement

PTEs are involved in procuring extensive rail and bus services, a process that includes considerable administrative and legal work. In addition PTEs may procure certain internal services (e.g. accounting or best value studies).

All PTEs own an estate of bus related infrastructure, bus interchanges, stops, shelters etc., that requires monitoring and maintenance. This could be an in-house activity or contracted out.

Finance

PTEs are funded by a system of levies on local authorities that are agreed politically between the PTA and the local authorities that it serves. The levy system differs from the police and fire authority precepts in that the PTA cannot unilaterally impose charges on the local tax-payer.

Rail service charges are currently funded by the SRA, with revenues passed on directly to the train operating company.

Administration

This includes the routine functions of staff administration, training, payroll, pensions etc. In addition all PTEs have a role in the collection and disbursement of multi-modal ticket revenue.

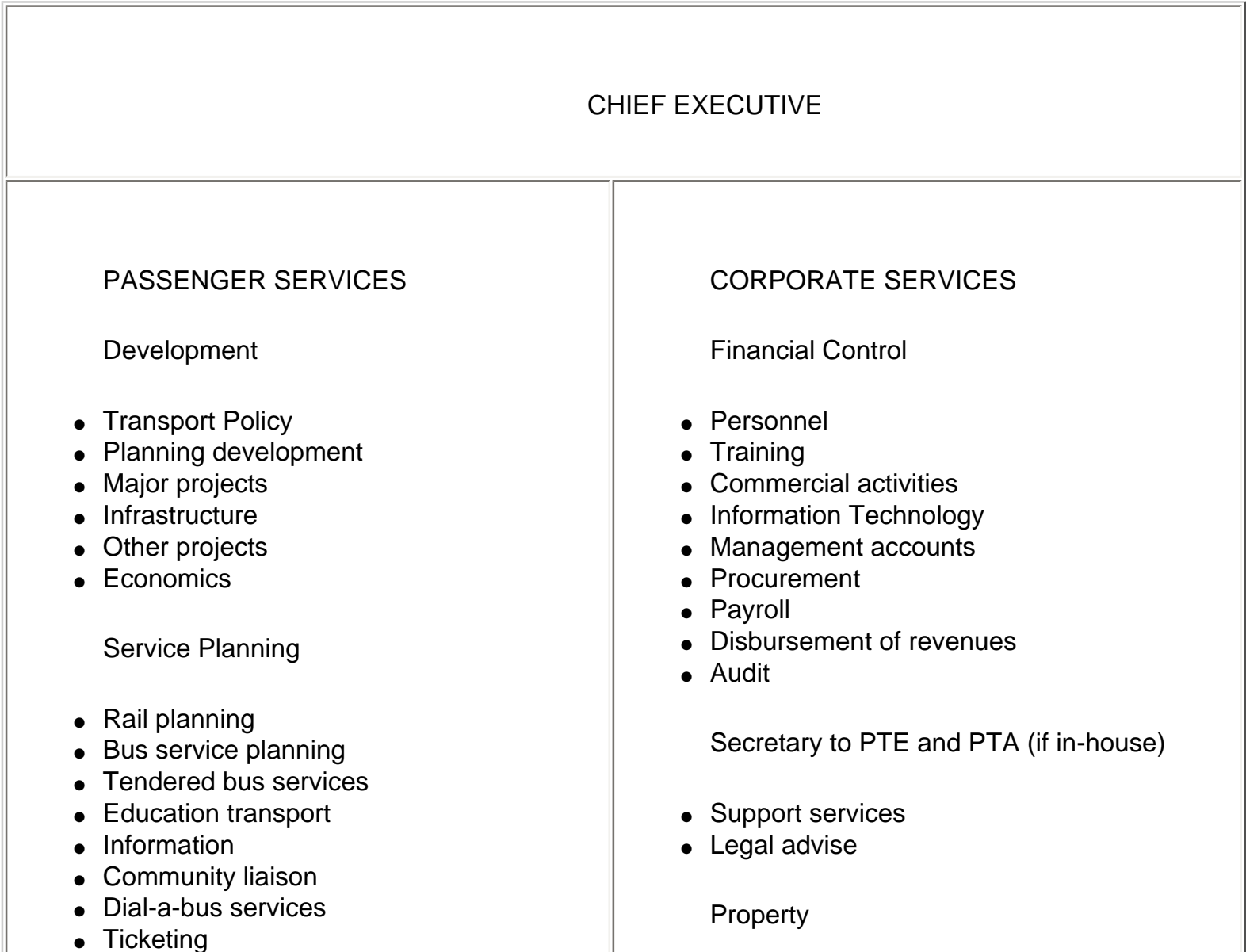
Secretariat to PTA

As discussed above, one example of a PTE providing secretariat services to the Passenger Transport Authority has been identified.

Powers that PTAs and PTEs do not have

PTAs and PTEs as currently formulated explicitly do not have powers over highways or parking policy (except in relation to railway station parking). They can however object at Public Inquiries into new development proposals, although it is more likely that any conflicts will have been resolved at an earlier stage in the planning and political process.

An indicative PTE Organisation model is set out overleaf:



- Taxis and private hire

Marketing

- Public relations
- Market research
- Promotion
- Monitoring

- Property services
- Property operations

(note: potential for routine activities to be contracted out, for example to a local authority on a commercial basis)

Appendix D – Powers relating to Transport, Planning and Procurement

1. County Councils and Unitary Councils

1.1 *Transport Act 1968 - Section 34*

Assistance for rural bus or ferry services

Power to afford assistance by way of grant, loan or both for securing the provision improvement or continuance of ferry services.

1.2 *Local Government Act 1972- Section 137*

Power of local authorities to incur expenditure for certain purposes not otherwise authorised

This power has been used for many purposes for the general welfare of the County or Borough including, it is said, actions to facilitate continued provision of rail services which were threatened.

1.3 *Transport Act 1985 - Section 63*

Functions of local councils with respect to passenger transport in areas other than passenger transport areas ie Shire Districts, Shire Counties and Unitaries

General duty to secure public passenger transport services which would not be met apart from any action taken by them. These are the basic powers under which authorities can procure transport services on a contractual basis which are not provided by the open deregulated market. These powers have been amended by *Transport Act 2000* to tie them in with the local transport plan and bus strategy process.

Section 64

Consultation and publicity with respect to policies as to services.

General obligation on Councils to publish statements as to policy and to consult on them. Amended to take into account *Transport Act 2000* Local Transport Plan and Bus Strategy aspects.

Transport Act 1985 Section 106

Grants for transport facilities and services.

Power available to authorities to grant aid equipment or facilities and in certain circumstances operation of some services. Has been used to pump prime accessible vehicles for instance.

Councils powers and duties in relation to concessionary fare and tender procedures for subsidised services are also to be found in the 1985 Act but do not contribute to the instant project.

1.4 Sections 43 & 44 Railways Act 1993

Right to object to closures of railways as an aggrieved person

Grants and Subsidies - Section 136

Counties and Districts are competent authorities for the purpose of making grants but only in relation to services procured by virtue of *Section 63 Transport Act 1985*

1.5 Transport Act 2000 - Section 108

Local transport plans and bus strategies

General duties to develop policies for the promotion and encouragement of safe integrated efficient and economic transport facilities and services to from and within their area. At this stage rather than going through all of Part 2 of the *Transport Act 2000* I propose appending pages 17 to 26 of the Explanatory Notes to the *Transport Act 2000* as particular elements will be dealt with in detail in answering the specific questions.

2. Powers of the National Assembly for Wales

2.1 *Government of Wales Act 1998 - Section 31*

Consultation about government's legislative programme

This presents the opportunity to have input into the government's programme as it affects Wales eg retained powers as to transport.

Government of Wales Act 1998 - Section 33

Consideration of matters affecting Wales

NAW may consider and make appropriate representations about any matter affecting Wales. This is an invitation to make representations about matters outwith the powers of NAW but which affect Wales.

Government of Wales Act 1998- Section 41

Agency arrangements and provision of services.

Power for NAW to agree with any government department local or other public authority for functions to be exercised by one on behalf of the other. eg NAW could agree to act as transport co-ordinator for all the Councils in Wales or a given area.

Government of Wales Act 1998 - Section 121

Sustainable development

Transport policy and sustainable development are inextricably linked. Policies under this head may justify co-ordinated transport planning for the good of Wales.

2.2. Transport Act 2000 Part II – Local Transport

NAW has a number of powers, approvals, rights and responsibilities under Part II. They are set out below

<i>Section 109(3)</i>	Right to receive authorities' LTPs
<i>Section 109(5)</i>	Guidance from NAW as to LTP
<i>Section 109(6)</i>	Power to require replacement LTP
<i>Section 112 –</i>	LTPs to have regard to guidance issued by NAW
 <u>Quality Partnership Schemes</u>	
<i>Section 114 to 123</i>	NAW power to grant or withhold consent relating to specific roads or facilities.
<i>Section 114(7)(8)(9)</i>	
<i>Section 121</i>	Powers in relation to variation of QPS
<i>Section 122</i>	Power to make regulations about QPS
 <u>Quality Contract Schemes – Sections 124 – 134</u>	
	Quality Contract Schemes require approval of NAW, also as to variation or postponement.
	Power to make regulations in relation to variation and postponement.
	Power to make regulations requiring local authorities to publish information about tenders.
	Power to make regulations fixing the maximum duration of quality contracts and generally in regard to tendering and exceptions thereto.
 <u>Bus Ticketing Schemes – Section 135 – 138</u>	
	NAW has right to be notified and right to make regulations relating to variation, revocation etc., of ticketing schemes.
 <u>Civil penalties for bus lane contraventions</u>	
<i>Section 114</i>	NAW may make regulations regarding civil penalties for bus lane infringements.
<i>Sections 145 – 150</i>	Power to give guidance and to make regulations relating to reimbursement arrangements and to hear "appeals".

Grants to Bus Service Operators – Section 154

NAW has power to make grants to operators of eligible bus services. Eligibility to be determined by regulations to be made by NAW.

Penalties - Section 155

Power to determine the amount of a penalty for failed local service operation and to receive the penalty.

Non-metropolitan Transport Grants - Section 156

Power to make grants to authorities for public transport services or facilities.

2.3 Railways

Transport Act 2000 - Section 202(3)

Right for NAW to be consulted relating to one member of the Strategic Rail Authority.

Section 206

Right to be consulted by SRA before formulating a strategy and thereafter from time to time on review.

Section 249

NAW may enter into agreements to secure provision improvement or development of railway goods services or facilities.

2.4 Railways Act 1993

Rights of objection to closures as an aggrieved person.

Appendix E – Further Legislation Issues

1. Review of current powers of NAW in respect of public transport planning

The powers available to NAW in relation to public transport have been set out previously. It can be seen that there are few powers available to NAW as a principal in relation to the planning of public transport. Those powers lie with the Unitary Authorities.

There are, however, many provisions under which NAW has the right to give guidance, grant or withhold approvals which can be used inventively to take control over certain elements of the planning process.

Interestingly there is the power in *section 41* of the *Government of Wales Act* to enter into agency arrangements with, for instance, the various Councils with transport planning and procurement powers. This could be deployed to arrange a co-ordinated job on a contractual basis.

2. Review current legislation on PTAs and PTEs

The legislation relating to PTAs and PTEs still has basis in the *Transport Act 1968* as amended by *Local Government Act 1972*, *Transport Act 1985* and *Transport Act 2000*..

Whilst PTEs have attractive powers in relation to integration, co-ordination and procurement of services, notably the ability to contract jointly with the Strategic Rail Authority for the provision of rail passenger services, the whole of these powers flow from the designation of a Passenger Transport Area under *section 9* of the *1968 Act*. This power no longer exists and so the Secretary of State does not have power by secondary legislation simply to designate all or part of Wales as a Passenger Transport Area. Primary legislation would be required.

3. Can NAW alone be a PTA or must it be a consortium?

The answer in 2 above indicates the legislative difficulty in relation to a PTA proper. At this point it is probably worth looking at *section 41* of the *Government of Wales Act* and the possibility of a contractual arrangement. Subject to a detailed review of powers, it seems possible for local authorities to syndicate their public transport planning activities and there is some logic in that activity being co-ordinated in a body to be promoted by NAW as it controls much of the funding that will be made available through the Local Transport Plan process to local authorities in Wales.

4. Legislation regarding composition of PTAs and PTEs

The status of PTA was created under the 1968 Act as a joint board for the Passenger Transport Area. Under the *Local Government Act 1972* this function of PTA became vested in the Metropolitan County Council on whose abolition under the *Local Government Act 1985* the PTA reverted to a joint board consisting of elected members of the District Councils in the Passenger Transport Area. PTAs do not have non-political members with voting rights. The number of members depends on the size/number of District Councils. For instance, Greater Manchester has 30 members appointed in varying numbers from the 10 District Councils.

Passenger Transport Executives were created under the *1968 Act* and consist of a Director General and not more than two nor more than eight members. Elected representatives may not be members but there are examples of there being non-executive members either from officers in the constituent authorities or individuals with no such connection but who are believed to make a contribution.

5. Funding mechanisms for NAW PTA

As primary legislation would be needed to establish a formal PTA, its funding basis would be established in the same enactment.

In relation to the possible contractual arrangement referred to above such a joint enterprise could be funded by the respective Councils just as they would fund an independent contractor carrying out the planning and co-ordination activity on their behalf. NB the Councils will be under a duty under the *Local Government Act 1999* in relation to Best Value in respect of transport planning and co-ordination services.

6. Joint Board issues

Joint boards exist for the purpose of various functions formerly carried out on a Metropolitan county wide basis by County Councils. Thus, there exist joint boards for the following. The arrangements for a joint board need not be any different to those for a directly elected body.

Passenger Transport Authorities

Police Authorities

Fire & Civil Defence Authorities

Waste Disposal Authorities

The *Local Government Act 1985* contains enabling powers under which the Secretary of State by order set up the joint boards.

In relation to Passenger Transport the 1985 legislation contained powers enabling a District Council secede from the Passenger Transport Authority.

In relation to a voluntary or contractual approach to co-ordinated transport planning the ability to withdraw or wreck the approach will depend upon the nature of the contractual arrangement and, fundamentally, where the funding comes from.

7. The looser partnership approach

Arrangements between the Local Authorities themselves or with the National Assembly or with a special purpose vehicle set up for the same will be contractual. It is possible to terminate contracts within their terms or to terminate them by way of breach. Stability of a contractual arrangement will depend on the political and financial dynamics which exist at the time.

8. NAW and SRA

It appears that the NAW has no powers directly over SRA. Its interface with SRA relies on the membership of SRA in respect of which NAW has some rights of consultation, the strategy and review by the SRA in respect of which NAW must be consulted, and the power of NAW to enter into agreements to secure provision, improvement or development of, e.g., railway goods services. (*Section 249 TA 2000*)

The other powers in the *Government of Wales Act* relating to consultation on legislative programme (*sec 321*) and consideration of matters affecting Wales (*sec 33*) and making representations give NAW some locus standi but overall policy direction is a matter retained by government at Westminster. It seems that primary legislation will be necessary in order to receive powers parallel to those of the Secretary State at DETR over the Strategic Rail Authority etc.

Co-signatory

The concept of co-signatory arises from the fact that Passenger Transport Executives have a statutory responsibility under *section 20 Transport Act as Amended*, to secure passenger rail service provision with their Passenger Transport Areas and some cross-border issues. They are co-signatories with SRA because the franchises cover non-PTE areas and PTE areas.

9. The Micro Franchise

This issue requires further research but it seems possible for the Secretary of State, by order, to grant exemption from franchising of services generally or a particular class of description or a particular service.

10. Rail provision in Passenger Transport Areas

The original power is contained in *section 20 Transport Act 1968* as amended in the *Transport Act 1985*. It is the duty of an authority to develop policies in relation to the provision of Public Passenger Transport Services and the duty of the Executive to put them into effect. *Section 20* of the 1968 Act contains a duty in relation to rail passenger services and in *section 10* there is power for the Executive to enter into contractual relations with [British Railways Board] for the provision of rail services. By virtue of the *Railways Act 1993* and the *Transport Act 2000* the basic *section 20* duty is discharged in conjunction with the Strategic Rail Authority. In effect both PTE and SRA procure that a service is provided by a rail franchisee and, to the extent that both those parties have overlapping rights and responsibilities to the franchise operator, they both sign the contract.

11. Old legislation relating to Scottish and English powers

Detailed investigation of the pre-existing Scottish position will need to be undertaken

separately but the English powers under the 1968 Act have been dealt with above.

12. Transport (Scotland) Act 2001

This Act received the Royal Assent on 25 January 2001 and seems to contain many of the concepts in the *Transport Act 2000* relating to Quality Partnership Schemes, Quality Contract Schemes, ticketing arrangements, road user charging, travel concessions and miscellaneous provisions. The Act does contain also as *section 1* "Joint transport strategy". Under this section the Scottish Ministers may require – public bodies – to prepare and submit jointly a strategy dealing with – matters and – purposes as may be specified in relation to the discharge of function of those bodies relating to transport. This power is hedged around by duties to consult but deals also with the form of the strategy, environmental social and economic impact, procedures and time limits.

13. Interface/overlay of powers relating to rail provision

In order to decide whether to press for powers similar to another body it is useful to understand how they work in practice.

In relation to Passenger Transport Executives and their interface with the SRA one can look at *section 34 of the Railways Act 1993*. Under this section it can be seen that the powers of a PTE overlay those of the Rail Franchising Authority, the SRA. In effect the SRA notifies the Executive of the basic franchise rail arrangements that it proposes and the PTE is in a position to put a notice indicating the differences between what they would like and what is already there. After a procedure designed at achieving agreement the two parties then go forward to sign one franchise agreement, the PTE signing in relation to its rights and obligations in respect of the services notified by it and incorporated into the franchise.

This could be expected to be the situation if the NAW were to arrange for powers similar to those of a PTE.