

FUTURE DEVELOPMENT OF TRANSPORT FOR WALES INQUIRY

Economy, Infrastructure and Skills Committee Visit to Manchester - 17 January 2019

Attending:

Committee Members: Russell George (Chair); Mark Reckless AM; David Rowlands AM; Jack Sargeant AM; Joyce Watson AM.

Officials: Lara Date/Amy Knox (Clerking team); Andrew Minnis (Research Service)

EMERGING THEMES

- Structures and policies which integrate / consider all modes of transport as well as active travel are essential.
- Structures and policies which integrate across policy areas are also essential (e.g. land use planning, health, education, skills);
- Multiple governance models exist, each shaped by their own history. This has the benefit of allowing flexibility and tailored structures to develop, but can also lead to complexity arising from the need to manage legacies of past approaches and lack of public understanding of where responsibility for functions lies;
- Coherent geography is important and a tradition of collaboration / a bottom-up approach are beneficial – e.g. recognition that investment at the centre benefits the whole;
- Transport planning does not recognise borders – there is a need for collaboration beyond boundaries;
- Long-term planning which cuts across electoral cycles is desirable;
- There were seen to be advantages and disadvantages to different structures (statutory / non-statutory / partnership). The key issues which emerged were:
 - Structures need to be robust;
 - The importance of transparency of plans and functions as well as scrutiny. Board meetings are generally held in public, and papers published, except where private items are justified;
 - Plans and policies should be presented in a way which is accessible to the public, and efforts made to ensure roles and structures are understood;
 - A partnership / collaborative approach – bringing together local and central government, but also businesses and local stakeholders – seems to be desirable;
 - Accountability – including to local democracy where local government powers / responsibilities are engaged;

- The need to be able to have sufficient executive powers (e.g. to procure, appoint staff and take decisions on prioritisation of funding etc.);
- There were examples of where statutory status had reduced partnership, however this was not necessarily an inevitable consequence of statutory status;
- Consultation, engagement with, and representation of, interest groups etc.
- Transport functions were delivered at different levels reflecting different local circumstances. In some cases this appeared complex which could make it difficult to understand where responsibility lies;
- Clarity on what is delivered at different governance levels and effective structures to co-ordinate functions therefore seems to be desirable;
- A range of sources of funding are employed – in some cases this seemed to make funding complex, unwieldy and uncertain. Clear long-term funding arrangements seem to be desirable;
- Consideration of / a role in highways is important (for example the impact of congestion on bus services);
- Potential to consider how a national body (TfN / TfW) can co-ordinate functions administered at a lower level – e.g. smart ticketing where TfN's back office systems integrate different ticketing systems across the region.
- It will be useful for Wales and the English structures to learn from each other in, for example, using new bus powers, developing smart ticketing and taxi / private hire licensing approaches.

1. GREATER MANCHESTER COMBINED AUTHORITY / TRANSPORT FOR GREATER MANCHESTER (TFGM)

Meeting with Rod Fawcett, Head of Policy, and Nicola Kane, Head of Strategic Planning.

Transport for Greater Manchester is the transport executive body of the Greater Manchester Combined Authority, which represents the 10 local authorities (LAs) of the Greater Manchester region with a range of populations and needs (a combined population of 2.8m). Spatially the city region's economic geography makes it sensible to undertake combined transport planning and delivery, with other key public policy agendas, such as economic development and spatial planning. The city of Manchester has a population of around half a million.

The history of city region cooperation and 'waves' of devolution of transport powers and functions over time was presented – Greater Manchester's local

authorities are therefore “habituated” to working together as over the decades they have increasingly done so.

Trams were introduced in 1992 and in 2009 the ground-breaking Manchester Independent Economic Review (MIER) which identified the key challenges faced by the region, and highlighted the governance, skills and transport needs of the region. This led to lobbying for a more robust governance structure for Greater Manchester, which led to the establishment of a statutory Combined Authority.

Committee Members heard that this governance model was very much driven from the bottom up by the constituent local authorities themselves. Management of key city region wide issues, showed that a Joint Committee arrangement for transport was not enough and a more robust governance arrangement was needed, with a body capable of bringing transport, economic development and planning together – leading for example to the Greater Manchester Spatial Framework.

Both the Combined Authority and TfGM (the transport executive) are statutory bodies. Directors of TfGM are appointed by the Combined Authority which makes the primary strategic, funding and policy decisions in relation to transport. The benefits of being statutory in comparison to Joint Committee status included the ability to procure and to directly employ staff, to contract and to receive funding – i.e. greater independence and executive powers in their own right.

TfGM has been reviewed in the past – one model would have been to roll TfGM into the Combined Authority as has been done in Leeds, but it is important to note that these kind of structural and institutional changes could be disruptive. However, transport functions could still ultimately move into the Combined Authority.

In terms of decision making, transport responsibilities are split across different governance levels. The picture is complex. For example, active travel and taxi / private hire licensing are with local authorities, while the Mayor, GMCA and TfGM each have a role in bus provision. Steps have been taken to integrate transport through an agreed Transport Strategy.

There is a strong emphasis on consensus in decision making by the GMCA – for example officers did not recall any votes taking place at meetings – but issues were resolved at a lower level and strategic transport decisions taken by a Joint Committee. It was noted that currently there is **political alignment** between the 10 Labour-run local authorities, but this is relatively rare and there had been political swings in the past, and the rules of the Combined Authority provided for other parties to hold one of up to three Vice Chair roles, so there was a real effort to ensure different voices were heard.

Each LA leader has a different role in the Combined Authority, so they are operating within a cabinet structure in addition to their local authority role. A Member noted that political alignment could also help with clarity in long-term strategic planning, but again TfGM said that LAs see the need to band together to achieve the scale of change needed as more of a factor than political ideology.

A key issue is the need to integrate transport with wider policy areas such as housing, health, economic and land use planning policy.

There has been a big effort by TfGM to get consensus on the [Transport Strategy](#) for the city region. Changes of priority with funding were a factor over time, for example with new policy drivers emerging such as a focus on air quality, but the underpinning principles of the strategy have remained, such as recognition of a strong city centre as being key to the success of the whole region.

The TfGM Committee has 33 members, and a number of sub-committees including **Capital Programme and Policy** (15 Members); **Bus Network and TfGM Services** (13 Members); and **Metrolink and Rail Networks** (13 Members).

Transport Strategy

TfGM co-ordinates and manages transport planning and strategy. The [Greater Manchester Transport Strategy 2040](#) published by the Metro Mayor in 2017 is **focused on people's life cycles** and needs at various life points e.g. children, working people, older people. So there is a spatial strategy focused on **people**, and a focus on **places** (the Greater Manchester plan for homes, jobs and the environment currently out for consultation) and then the **assets** needed.

A 5 year Draft [Transport Strategy Delivery Plan 2020-2025](#) is aligned to a [Spatial Framework](#) published for consultation in January, which includes the Greater Manchester Plan for homes, jobs and the environment. This is **bringing transport and land use planning together**. The vision set out in the transport strategy reflects this, and a big part of it is a growth strategy.

The overall transport plan was not fully funded - some projects are funded but others are intended to help make the case to UK Government for what was needed. Plans are presented in clear, accessible maps.

Managing relationships with large, national organisations such as Network Rail and Highways England can be challenging since their lines of accountability are to the Secretary of State rather than local structures. However the Combined Authority and Mayor role can be helpful providing profile and impact.

Plans to devolve responsibility for railway stations were resisted by the Department for Transport. However, a great deal of work is being undertaken to integrate local transport with HS2.

The importance of **transparency** was discussed. Historically there had been criticism that decisions weren't transparent. Legislation establishing the Combined Authority and Mayor includes more robust scrutiny procedures and a focus on transparency. Scrutiny committees are chaired by opposition members.

It was quite a complex system of governance to explain to voters – the Mayor is more visible therefore people will frequently contact (tweet) him rather than going to their local authority Leader on a transport issue. The Mayor has a strong focus on consultation and engagement and “conversations” on big issues like clean air and uses social media to reach under-represented groups.

The Committee Members explored the pros and cons for decision-making of the statutory body model of TfGM versus the company model of Transport for Wales. TfGM's head of policy noted the **culture** of the primary organisations and their relationships were important. It was a constant process of collaboration, with engagement with District Councils and GMCA. This may be as important as the specific governance model. Engagement also helps, for example going to scrutiny committees to understand local issues was especially important as TfGM members have to make difficult decisions for the region as a whole.

Funding was discussed. TfGM receives most of its revenue funding from a council tax levy of each district which pays for strategic work, subsidises buses, concessionary fares and smart ticketing. It is the same percentage for every LA. From April 2019 another funding source will be the Mayoral precept – money to spend on his mayoral transport functions including buses.

Capital funding is more ad hoc, sourced from funding bids to the DfT, Growth Deal etc. More consistent, long-term funding is being sought but with limited success so far. It is difficult to secure developer contributions given the need to secure developments in the first instance.

The region is reaching the end of the first Greater Manchester Transport Fund. This fund pooled a range of funds. TfGM is seeking to create a new Transport Fund with UK Government assistance.

The following outlines the administrative level at which transport functions are determined:

- Strategy – shared across Mayor, Combined Authority and LAs;
- Active Travel – LA level;

- Bus – Mayor, Combined Authority and TfGM;
- Metrolink – Combined Authority and TfGM;
- Highways – complex. (the Combined Authority/TfGM are not highways authorities, this is largely a Local Authority function, with the Strategic Highway Network managed by Highways England);
- Rail - Mayor through Transport for the North / Rail North Board;
- Taxi / Private Hire Licensing – LA level.

It makes sense to coordinate many aspects of transport at at Greater Manchester level, because most modes of transport do not recognise administrative boundaries and in general terms, bigger scale is better provided there is opportunity for local democratic accountability.

Bus Services and the Bus Services 2017 Act:

Greater Manchester is leading the way on bus reform nationally, as the first mayoral combined authority seeking to make use of new powers in the Bus Services Act 2017.

On behalf of Greater Manchester Combined Authority (GMCA), TfGM is now preparing an assessment of a proposed franchising scheme for the whole of Greater Manchester.

The assessment also includes a consideration of other realistic options for improving bus services, such as partnerships.

Smart Ticketing is one of the motivations for the franchise model. Buses are key to moving people in Greater Manchester and franchising may offer an opportunity to introduce simplified and consistent fares on buses.

Procurement legacy for jobs and training – TfGM confirmed that there was a strong focus on local procurement. Wider procurement principles are being developed and also environmental standards would also be built into procurement policy.

TfGM officials subsequently provided more detail on this, confirming that TfGM works to the Greater Manchester Social Value Policy. This includes ‘objectives’ linked to delivering social value within Greater Manchester that could include local employment, apprentices etc. as described here:

<https://www.greatermanchester-ca.gov.uk/search?q=social+value>

2. TRANSPORT FOR THE NORTH

Meeting with Jonathan Spruce, Director of Strategy and Deborah Dimock, Solicitor

Members discussed the **governance set-up** of Transport for the North (TfN), which was born as a TfN partnership arrangement set up in 2015 and allocated funds until 2021 to take forward a transport plan.

Until April 2018 it was a partnership of public and private bodies but is now a statutory body covering the Northern region from Crewe up to Newcastle/Cumbria, although it is a quirk of geography that High Peak is not included in that.

TfN cooperates cross-border with Midlands Connect, Transport Scotland and Welsh Government. TfN sets out a 30 year Statutory Plan for sustainable economic growth across the region and the Secretary of State must take account of its advice. This is a major advantage of its statutory nature, as is the fact that local authority's statutory transport plans must reflect TfN plans.

Under the statutory governance arrangements UK Government made it a requirement that every local authority is represented at a high level by its Mayor or Leader. However, it is up to each LA, Mayor / Combined Authority etc. to decide how representatives carry the authority to make decisions on the transport brief for their area.

Representatives of Local Enterprise Partnerships are also co-opted onto the board. Unusually **voting rights** are dependent on population: e.g. Greater Manchester is represented by its elected mayor who has one vote per 200,000 population, i.e. 14 votes. There has rarely been a vote, but to offset the difference in voting rights statutory rules require a super-majority set at a level greater than the votes of the Combined Authorities / City Regions to prevent a situation where the big city regions dominate.

It was noted that this governance structure as set out in legislation did not lend itself to gender-balanced representation on the TfN Board, but officials noted that Members were aware of this and it was raised in the context of the co-opted members.

There was better gender balance at the working level on its executive board. Similarly with regard to representing disabled people, its draft plan had been subject to a 13 week consultation period including disability groups, and accessibility targets in the draft plan had come out of that consultation.

Smart ticketing

TfN's approach to smart ticketing is not about developing a single product like the Oyster Card in London, rather it is focused on providing the back-office facilities to allow the customer to 'tap on and tap off' on multiple modes of transport across the region, using a number of different devices, apps and payment methods, and to know they will always be paying a fair price. Equally, the technology ensures operators are reimbursed.

Different regions will use different cards, e.g the Walrus card in Liverpool, but the TfN smart ticketing system will bind different cards and payment methods together using a zonal structure for fares.

It is a bottom-up approach focused on the customer experience, which demonstrates how the North of England can work as one entity. If there are four different websites for customers to look at the customer is more likely to just give up and get in their car. The 'Northern Powerhouse' is about reducing journey times and increasing productivity.

There was discussion of how smart ticketing works on the border with North Wales and TfN emphasised that for them hard boundaries don't exist, with cross-border working with Wales, Scotland or the Midlands. For example they are looking at the North Wales metro and 'unlocking' Chester station as a priority transport hub in the next 7 years.

Statutory body versus Partnership arrangement?

Some of the pros and cons of different governance models and the impact of the culture they created were considered. A big advantage of TfN is its status and the statutory nature of its advice, and the co-option of Local Enterprise Partnerships onto its Board is a good thing. This status means that central government must listen to TfN.

Statutory arrangements are more formal than when TfN operated as a partnership. This may affect how businesses and co-opted members now engage, and its ability to be business-focused. As a public organisation the rules force the TfN Board to be more transparent, but the move to greater transparency in how it meets in public may affect the previously informal partnership working.

It was noted it would be good to compare the operation of TfN with how the Midlands Connect partnership operates (the "Midlands Engine" which is the equivalent of the "Northern Powerhouse"). The drive for that body to become statutory has not been as strong and it has chosen to retain a partnership model for now. Conversely Transport for the South East is pushing for statutory status, partly perhaps to counterbalance the influence and authority of the London Mayor and Transport for London and give the body more clout.

It was noted that the TfN partnership was unable to contract etc., but that there was a risk that the statutory basis could undermine the partnership / collaborative approach by distinguishing between voting and co-opted non-voting members. This is not an inevitable result of the move to a statutory footing, rather it was seen to be, to some extent, psychological.

The need to preserve and revitalise the partnership approach was recognised. TfN has the power to grant voting rights to partners.

Statutory powers are an advantage in that it is beneficial for a single organisation to have clear powers - fewer negotiations are needed and, for example, it can commission a road whereas a partnership cannot.

It was noted that in the last nine months the rail timetable issues had become very political, and given the political make-up of the Board this had dominated discussion, which then squeezed out time for important policy issues like air quality. Meetings are often “at the mercy of what happens the day before”, and the day-to-day problems take precedence. However if more power was granted to co-opted members, e.g. through changing voting rights, this would then have implications for democratic accountability.

This illustrated how operational / short term issues could overtake a more strategic focus.

The Chair is independent and must ensure a balance between democratic accountability and business leaders from various sectors, in terms of which voice is represented. It would be interesting to see whether the dominance of rail timetabling problems in recent Board discussions would affect the engagement of the business leaders in the future.

TfN have so far had conversations with Welsh Government rather than TfW and it was not clear at this point whether TfN should be speaking to TfW.

TfN competences

TfN does not have a direct role in relation to buses, but has a role in highway strategy – although it is not a highway authority.

It is worth noting that TfN’s first draft transport plan did not address bus services – since it was not responsible for these. However, it was criticised for this, given the need to integrate modes. Therefore integration will be addressed through the plan. This is not a “land grab” but it is necessary to address integration.

TfN’s Strategic Transport Plan sets out the ‘Prime Capabilities’ across the region in the areas of digital, energy, health innovation and advanced manufacturing, as well as the natural environment assets important to the visitor economy, and current and future planned economic centres and enterprise zones. In this way it maps out the dots or clusters of capabilities that are not just about the needs of the big regions like Manchester, but for example shows clusters of health care and innovation in Cheshire and North Wales, and identifies access issues for those areas. So for example nuclear power and energy capabilities tend to be in remote locations. TfN needs to get access for those rural communities, to avoid the situation in Barrow

where employees arrive by train from London, stop in a chain hotel and leave the next day, which is not sustainable for the Barrow economy.

TfN's management of the rail franchises – the Rail North partnership is a collaboration between TfN and the DfT to manage the Northern and TransPennine rail franchises. A team of DfT civil servants and TfN officials manage the franchises on behalf of the Rail North Partnership. TfN has no direct rail enforcement powers.

3. Liverpool City Region Combined Authority / Merseytravel

Meeting with Huw Jenkins, Lead Officer for Transport

While Merseytravel was established in 1968 as a Passenger Transport Executive (PTE), it is now effectively the transport delivery arm of the Liverpool City Region Combined Authority (LCRCA). It is equivalent to TfGM. While both Merseytravel and TfGM have the powers of a PTE, in reality they require approval of their respective Combined Authorities.

The LCRCA had fewer voting rights on the TfN Board than Greater Manchester City Region due to size. It comprised five Leaders and Liverpool's elected Mayor, chaired by Steve Rotherham. It has taken some time to understand the governance structure of LCRCA and its historical path given Merseytravel's previous role and status.

Central government funding is channelled through LCRCA largely through the devolution deal. The Single Investment Fund (SIF) is a key funding source and its allocation is determined by the elected Mayor, based on business cases and HM Treasury Green Book processes.

LCRCA also owns the MerseyTunnels which are effectively private roads established by Act of Parliament and not part of the national network. Merseytravel operates the tunnels and collects tolls, though the extent to which these can be varied is limited by legislation.

The LCRCA also controls the 25 year rail concession for the Merseyrail network, which is run as a 50/50 joint venture by rail operators Serco and Abellio. The DfT agreed to the devolution of the rail network in 2003. As it is a self-contained, third-rail network (to some extent like light rail), there was a strong logic for devolving this to be run locally.

With regard to the relationship with Network Rail, the LCRCA is in the early stages of exploring potential powers to take over rail stations or rail infrastructure.

It is notable that Merseytravel was authorised by LCRCA to purchase new trains for the Merseyrail network from Stadler, to be rolled out across the

network by 2020. Merseyrail pay large amount of money to lease trains, so the business case shows it is better value for it to buy the trains and lease them back to Merseyrail.

A 'cocktail of funding' was used to buy the new class 777 trains for the network and they were procured via a competitive dialogue procedure. The benefits of this are control of its own rolling stock which cannot be cascaded to another part of the UK and that they are able to determine the train specifications to meet local users' needs. Using public works loan board certainty over DfT grant support and Mersey tunnel tolls - surplus funding into wider transport funding enabled the project to proceed.

Procurement legacy for training and job opportunities - is the strength of the Combined Authority and the rationale in 2014 for its formation - it is able to align money for capital infrastructure and money for skills, and link to local training and apprenticeships - for construction, engineering, business management - getting more young people involved in the rail industry.

There will be control over the adult education budget to align and prioritise skills in the Combined Authority's plans. In addition to the Apprenticeship levy, the LCRCA also has devolved control over potentially £56m Further Education funding from 2019. Future-proofing of skills will be needed in terms of emerging technology such as hydrogen trains. The Mersey Mayor also has big ambitions for skills and apprenticeships in the region in terms of the energy industry and advanced manufacturing.

Advice for the development of Transport for Wales

The main lesson learnt through devolution is that the key is integration: a body that just does transport has its limitations and weaknesses. There should not be transport for transport's sake: there should be transport infrastructure aligned with the spatial plan and growth sites and housing sites, and there is an advantage to one body overseeing everything.

Prior to 2014, transport in the region had been a bit a bit disjointed, spread across seven local authorities with no multi-modal integration. The network needs to be integrated across transport modes, with a cross-policy remit: "there is real strength in having a body that has wider policy responsibilities, or at the very least multi-modal travel responsibilities". There also needs to be integration between public transport and walking and cycling.

The Combined Authority model gives strategic responsibility for strategic roads, bus, rail, funding, ticketing, with all these key powers in one place, with budgets to deliver local travel enhancement and funding to deliver apprenticeships, economic development, skills etc.

The Committee asked about Welsh Government's White Paper proposals for Joint Transport Authorities, and asked, based on the experience of LCRCA as

a Member of Transport for the North, what pitfalls should be avoided. The LCRCA on paper has powers over key roads on the network, but this is still in the very early stage and local authorities still have a lot of power over local highways. It is difficult to take strategic control over highways or issues like taxi licensing without it appearing to be a “land grab”.

More funding was still required for LCRCA as it is the hub, but money is also needed for rural areas, and the LCRCA still does not have all the powers it needs at its disposal. As with Manchester, taxi licensing remains a local authority responsibility, though LCRCA could adopt common standards, fees etc. across the region as a whole while enforcement could remain a local responsibility.

Experience of the Bus Services Act 2017

The LCRCA is currently working through the business case and options to use powers under the 2017 Act. It is not decided yet which model will be used. Franchising is one option, but other options will be considered including enhanced partnerships.

Currently LCRCA applies a partnership model. However, not having appropriate coordinating powers in relation to highways is a big barrier to growing and improving the bus services: “without getting the highways working to benefit bus services we could be into diminishing returns”. Congestion is a problem, and some local authorities are less open to things like bus priority lanes and green light priorities. Through the devolution deal the LCRCA could have more control over this, as ultimately the users don’t care who’s in charge.

What about branding?

Having the ‘Transport for Wales’ logo across everything was considered a good thing. The “yellow M” Merseytravel brand is important and has not changed since the 1980s so has strong recognition for service users. It gives a consistent feel and clarity for the customer so there is no intention to change that in Liverpool, despite the changes in transport governance arrangements.

Smart Ticketing

The old ‘Walrus’ card was being replaced as it was not compatible with TfN’s new back-office system which recognised that the world has moved on from the old “top-up” technology for people to pay for their travel.