



Making transport work for cities

Seven priorities for better urban transport

September 2014

Introduction

In April of this year, the Centre for Cities – in partnership with Mace – published research to help cities across the UK tackle their transport challenges. It presented two key messages for cities and Whitehall:

- 1. To make transport work for people and the economy, it needs to be better planned, managed and funded.** London has overcome the majority of these challenges, because it has more control over its transport. Transport for London (TfL) – the body that oversees transport across Greater London – understands what the growing city needs to do and has the power to do much of it.
- 2. But cities across the country are different; some will need bigger investments or new transport powers to cope with growing demand.** More cities need TfL-style control if they are to help people get to work, the doctor or the shops easily and without breaking the bank.

This brief now provides the next steps – a common direction of travel – for cities to drive change in their place. Responding to the research, city and transport leaders gave insights about ways to tackle the specific challenges and seize the opportunities that can make transport work better. They have been brought together here.

This brief is divided into three main sections. First, it sets out the key recommendations of *Delivering Change: making transport work for cities*. Second, it reviews the responses to the report and key transport announcements since its publication. Finally, this brief highlights seven priorities for local government to develop more accessible cities and transport that meets the needs of citizens.

Key actions from the research

The report identifies five key challenges that need to be overcome if the transport systems in UK cities are to provide the quality of service that workers, businesses and residents need. These are:

- Inability at city level to ensure bus and rail services meet people's economic, social and environmental needs
- Short timescale and uncertainty of central government funding
- Limited freedom to raise money locally to fund local transport improvements
- Fragmented funding and management of different modes of transport
- Lack of integration of transport, economic development and housing strategies

To respond to these challenges, all cities should be able to:

- **Regulate their buses as part of an integrated transport plan**, because private companies do not always meet the social and environmental needs of people
- **Have minimum 5-year funding certainty**, because yearly funding decisions and politics both add uncertainty to transport projects and hold them back
- **Capture the benefits from infrastructure investment**, because right now, cities rely too much on money from Whitehall, meaning others pay for local gain

Larger cities, with more complex transport systems, have additional coordination and funding problems that need to be overcome. They should have an Integrated Transport Authority (ITA) which can join up all the different types of transport – road, rail, tram and bus – into one system that covers the wider city region.

Combined authorities should be given TfL-style powers. Manchester, Leeds, Liverpool and Sheffield and the North East could then better coordinate their transport system and join it up to the economic, skills, jobs and housing strategies for their area. This is about making transport work for people, the economy, and growth.

What do cities have to say following the report?

To build on the report's findings and support cities in making use of them, the Centre for Cities and Mace held a series of events and meetings with city and transport leaders. Through these conversations, new relationships are being forged and solutions to cities' transport challenges are clearer.

- In **London**, Whitehall, local government leaders from London and other cities, transport providers and industry groups from across the country came together to discuss how a TfL model could work elsewhere, and how integrated transport and innovative funding deals could lead to better services across the spectrum
- In **Birmingham**, the conversation centred on how to bring together all the different players in the city region. The new Integrated Transport Authority will cover seven metropolitan councils across three LEPs by coordinating car, train, bus and bike. By doing so, transport can be much more unified across the city region
- In **Manchester**, leaders focused on how to finance transport in the growing city and what additional skills and resources will be needed to meet their strategic plan for delivering infrastructure for the growing city region

Cities want to move further and faster to change the way they manage and invest in their transport. Below, we highlight some of the responses from these ongoing conversations including next steps for English cities in making transport work for their citizens and their economy:

“This research demonstrated that, in helping make a city successful, transport needs to be integrated to a number of city policies around economic growth, regeneration, job creation, education and training, and so forth.

Birmingham is developing an Urban Mobility Plan using the European framework that brings all of these aspects together. A similar strategy is needed at a regional level collating all similar transport strategies into an holistic view. Work is underway looking at strategic road and rail as ‘Midlands Connect’.

For Core Cities, the focus is on devolved funding, greater flexibilities and powers, and how we work within a deregulated transport market. We need to focus local and regional decision making on priorities for transport investments that supports a wider city region agenda including the economy and the sustainable movement of people and goods to meet the broader agendas.” - **Anne Shaw, Birmingham City Council**

“The report produced by Centre for Cities and Mace is both illuminating and topical. At the workshop in Manchester this summer, it was acknowledged that while London’s TfL model is a great example of coordinated transport planning, it cannot simply be replicated in other urban areas, although individual elements of it should be explored.

The model in Liverpool shows that devolved powers add value, but that there is still more to be done. Topics on the agenda in future should be: access to local and central funding (devolved powers should not lead to a cut off from central government funding), as well as customer-focused innovations, such as smartcard or a better integrated multimodal transport network. This requires devolved powers for regional transport authorities, who along with Combined Authorities, should acknowledge that some transport challenges are cross-boundary.” - **Maarten Spaargaren, Merseyrail**

“Transport is a truly vital ingredient of the most successful cities around the globe. In Greater Manchester we are investing over £2bn in our transport network and systems to ensure we maximise economic growth and help achieve our full Greater Manchester Strategy aspirations.

Similar to the key challenges identified by the Centre for Cities we are also looking at a series of reform agendas across the transport modes to enable them to better play to their strengths.

The Centre for Cities report is very welcome and chimes well with the work of One North bringing together rail, road, water and freight enabling the great cities of the north to be more than the sum of their parts - in the Chancellor’s words a ‘Northern Powerhouse’.” - **Dave Newton, Transport for Greater Manchester**

“The ‘Making transport work in cities’ report was both timely and welcome. It is helping to energise and focus the debate and set out a new blueprint for how transport devolution could really deliver for Britain’s major cities. Crucially, it placed transport firmly within the wider debate on city devolution and the role of city regions in UK growth.

I think the next steps for moving this agenda forward are to look at what the real customer benefits of devolution might be; to ask what positive, enabling role there is for central government before, during and after devolution; and to set out how cities can work together now and in the future to demonstrate that between them they have the shared capability and expertise to deliver what their cities need to unlock the growth and jobs that will benefit all of us.” - **David McNeill, Transport for London**

Transport announcements since publication

Since the publication of the Centre's report, four important transport reports and announcements have come forward. These, summarised below, will influence how cities and Whitehall invest in transport.

London Infrastructure Plan 2050: consultation. This document set out by the GLA and Mayor of London looks to develop a strategy for meeting the infrastructure demands of London through to 2050. With a projected population growth of 3.1 million by 2050, transport will play an integral role in unlocking new areas of the city for housing, offices and shops. The most important aspect of this plan is that it joins up all forms of infrastructure—housing, transport, utilities, digital and green space—in an Infrastructure Board to coordinate investment for smarter growth.¹

One North: a proposition for an interconnected North. A proposal from the largest cities in the North offers a way to better connect them to support economic growth and build a counterweight to London. It was announced by the Chancellor, but it did not come with a commitment of the cash it would need: £15 billion. And, if these cities are going to make the most of their connections, they will also need more control over their intra-city transport networks from Government.²

City Growth Commission: 'Connected Cities' report. The Commission made a series of recommendations that supported the Centre for Cities' report. It called for: prioritisation of investment in connectivity between northern cities (via the Northern Hub, HS2 'Phase 3' or other schemes); targeting of a few UK city regions in developing innovative, place-based approaches to financing investment; and city regions taking on planning authority powers, aggregating up decision making to facilitate strategic investment across the city-region.³

ICE State of the Nation on Infrastructure. The Institution for Civil Engineers gave local transport a "D-" grade, meaning infrastructure is "at risk and poorly maintained." They recommend that Government should further extend devolved powers and funding through the creation of more powerful, fully integrated transport authorities in city regions. ICE also suggests that Government and local authorities should establish a more ambitious joint programme to clear the maintenance backlog and encourage sustainable alternatives to the private car including improved public transport and a greater focus on active travel.⁴

Seven priorities for turning research into action

Building on the research, the next steps for cities come from Whitehall, local government and transport leaders. Success will come from a mixture of local initiative, government imposition and the right incentives. Cities have to overcome political, funding and geography challenges, and local authorities will need to work together in new ways to get transport right. But the stakes are high, given the wide-ranging impact transport has on other parts of the economy, like housing and jobs. So they have to get it right.

Below, seven priorities set out a common direction for cities, Government and transport providers. Working towards these priorities will give cities across the country direct and specific goals for improving transport to help growth their economy.

1 GLA. 2014. London Infrastructure Plan 2050. <https://www.london.gov.uk/priorities/business-economy/vision-and-strategy/infrastructure-plan-2050>

2 One North. 2014. One North: a proposition for an interconnected North. http://www.manchester.gov.uk/downloads/download/5969/one_north

3 City Growth Commission, RSA. 2014. Connected Cities: the link to growth. <http://www.citygrowthcommission.com/wp-content/uploads/2014/07/Connected-Cities-City-Growth-Commission.pdf>

4 Institution of Civil Engineers. 2014. State of the Nation: Infrastructure 2014. <http://www.ice.org.uk/Information-resources/Document-Library/State-of-the-Nation-Infrastructure-2014>

Cities taking charge

1. Harness the power of contactless payment
2. Overcome local politics

Cities working together

3. Share skills across cities
4. Develop city region strategies
5. Adapt to new ways of working in partnership

Leadership from Whitehall

6. Change how cities are funded and pay for transport
7. Create better relationships across transport

Cities taking charge

1. Harness the power of integrated ticketing

Integrated contactless payment (like contactless bank cards and TfL's Oyster-style cards) can increase public transport use and make it easier for people to switch between modes, like bus and tram. Evidence suggests that UK cities would benefit from an integrated contactless payment system in many ways.

The data collected through these cards can improve services and support future investment. This helps transport authorities understand how public transport is used, where bottlenecks exist and where they need to add capacity. Data can also make transport systems more resilient so additional buses can be added when there are train or tram disruptions, for example.

But transport competition hinders integrated fares and ticketing in many cities. In most cities, the administrative burden and legal complexities of negotiating with many private bus operators has prevented an integrated contactless payment system. This is to the detriment of their citizens and businesses.

It's not about duplicating London's Oyster Card, though. Working with banks is the way forward.

The most advanced travelcard, TfL's Oyster, is moving toward a contactless bank card system. Bank cards and other contactless payment cards can still retain all the functionality of an Oyster-style card (like capping the daily charge and monthly passes), but they reduce the costs for transport bodies like TfL. By working with banks, transport managers can develop these systems and improve access to contactless payment across the transport network.

2. Overcome local politics

Cities need to remove short-term politics from long-term transport projects. City-region working and long-term strategies are needed to overcome the short-termism and hyper-localism that too often influences local decision making. Politicians have local interests they need to represent, but they also need to be balanced against the interests of the wider city region.

Transport strategies need support across the board, because their impact is so broad. Ensuring that political leaders have bought in to the integrated transport strategy is essential to making it work. Otherwise transport projects could fall victim to local opposition to concerns such as housing development or changes to skills and employment strategies.

Cities working together

3. Share skills across cities

Cities need to share knowledge and skills between smaller councils and cities. Many cities and city regions include smaller district councils with limited resources and expertise in transport planning (which is mostly handled by county councils). In addition, there are not enough skilled transport consultants to meet the growing demands of city regions.

Larger city regions will play a key role in developing and sharing expertise. Those larger cities which do bring forward major schemes should be willing and able to share that knowledge with smaller cities on a formal and informal basis. London's TfL is already working with TfGM on how they can share knowledge and ways of working, and more of that needs to be passed on as city regions and smaller cities need to bring forward new schemes.

4. Develop city-region strategies

Strategy needs to cover the wider city region. As the four new combined authorities in Sheffield, Leeds, Newcastle and Liverpool develop their strategies, they will have to consider the reach of their planning and policies, including reaching out to non-statutory members (and potentially non-members), since the effects of transport spill over political borders. LEPs and combined authorities may be too small to cover the way people travel to work, so working together across those borders is important.

City strategies need to work alongside bigger inter-city network plans, like HS2, the Northern Hub and the One North proposal. Links between cities are likely to increase demand for transport within city centres and city regions, and it will have an impact on where those investments should be made. For example, HS2 stations should serve as hubs for transport to other parts of the city region. Planning the inter-city links will require adapting intra-city transport strategies, and there will be opportunities for sharing knowledge between cities throughout this process.

5. Adapt to new ways of working in partnership

Local government and transport authorities will need to create new partnerships to build the infrastructure people and business need. Transport is no longer *the* solution; rather it needs to be considered amongst the many moving parts of a city that it helps enable, like jobs, housing and trade.

The first challenge is for local government to **show how transport affects other policy areas like jobs and housing.** Councils and LEPs, as the administrators of the Single Local Growth Funds, should build up the evidence base on the links between transport and employment in their area, for example, or the financial benefits to developers of adding new bus routes. With more of this analysis on hand, cities can build the case for more and better cross-sector working.

A purposeful and direct approach towards building new networks of transport professionals in cities will be vital. Often there are times when local government might not know the right people to speak to, or bus and train operators might not know how they can or should contribute.

So leaders should take stock of all the stakeholder organisations related to the transport network of the city, building on the evidence of relationships between transport and other policy areas.

Local government and transport bodies will need to adapt to new ways of working. To work together effectively, all these different parties will need to overcome competing objectives, timescales and corporate cultures. The public and private sector think about time, risks and investments in different ways, so each will need to change.

Leadership from Whitehall

6. Change how cities are funded and pay for transport

Cities are relatively capital rich but revenue poor, which leads to both short-term and long-term challenges. Cuts to revenue budgets mean that maintenance of already poor road, bus and rail stock in many cities is at risk. But, planning in the long-term is at risk too. When cities are planning for new transport projects, that money comes out of their revenue budgets (at least to start with), for which there are few resources today.

Cities need to work with LEPs to make the most of their funding programme, now that the Single Local Growth Fund has been allocated. In addition, those cities with additional transport money or freedoms through the City Deals process, like Manchester and Leeds, need to start working on the strategic plan for making the most of these resources and powers.

Although the model in London still needs work, Transport for London offers many lessons for funding and financing transport in new ways. TfL manages their resources by:

- bringing together a range of public and private, national and local funds to pay for projects,
- investing heavily in maintaining and upgrading their transport stock to save on long-term maintenance issues, and
- integrating their funding revenue between rail and bus, for example, to build a more financially sustainable network.

In addition, the long-term indicative funding settlements TfL has leads the private and public sectors to invest in projects and skills development that other places can and do not.⁵

But most cities cannot put TfL's lessons to use without long-term funding. Shorter-term funding settlements and lack of bus service management means other cities cannot manage their money in the same way as TfL. Getting all parties on long-term funding settlements (minimum 5 years) should be a first-order objective.

7. Create better relationships across transport

Cities need to be proactive to prepare for future transport demand. HS2, The Northern Hub and the recent One North proposal all provide inter-city connectivity that can have dramatic and long-lasting impacts on the demand for public and private transport in the cities they connect. But will cities have the resources or borrowing capabilities to meet that increased demand locally? If they cannot prepare today and adapt to future demand from being interconnected, cities will become bottlenecks rather than integrated parts of the network.

National and local funding need to work together. With infrastructure, it is all about timing. Build too soon, and cities could be drained of their workers and capacity; build too late, and transport is not keeping up with demand and holding back the economy. DfT, LEPs, HS2 and city regions need to work together to coordinate the timing and funding of their projects to make sure they are making every pound work for those cities. In turn, local and central government need to assess transport projects that reflect cities' priorities and transport's wider impact on jobs and growth.

But as cities tailor transport to local needs, it adds complexity for national transport providers. For instance, bus providers and network rail operate on national or super-regional scales, so they have to work with many different IT systems from place to place. City regions will need to work together and with private partners to overcome these coordination issues, including taking steps like sharing back office services.

Combined authorities have a clear advantage in achieving better transport. Combined authorities have a clear political decision making structure, certainty over their relationships and a more comprehensive

⁵ Though, TfL's indicative funding settlements have been altered over time, so actual fiscal devolution and tax retention would offer better funding certainty for TfL.

strategy for transport. All of these characteristics provide a better funding and investment framework for Whitehall and city regions alike.

Next Steps

Whitehall, local government and city regions share responsibility for making transport work better for cities. The plans for better Northern connectivity, Greater London's infrastructure, HS2, and local projects all require greater city region responsibility. Thus, the way organisations plan and invest in transport will need to evolve.

Whitehall's main goals should be to:

- Offer longer-term funding certainty
- Transfer more powers to city regions with the institutions in place
- De-risk finance and delivery

Local government needs to:

- Work together better to share skills
- Develop strategy across the city region
- Overcome local politics

City regions – in the form of combined authorities and LEPs – need to:

- Make sure they are getting their strategies right
- Consult with the wider city region
- Find new ways to invest
- Bring forward integrated ticketing for public transport

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