



URBAN TRANSPORT GROUP

Consultation response

Inclusive Growth Commission

Royal Society of Arts

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1. Introduction

- 1.1. The Urban Transport Group (UTG) represents the seven largest city region strategic transport bodies¹ in England, which, between them, serve over twenty million people in Greater Manchester, London, the Liverpool City Region, the North East Combined Authority area, South Yorkshire, the West Midlands conurbation and West Yorkshire. Nottingham City Council, the West of England Partnership and Strathclyde Partnership for Transport are associate members of the UTG.
- 1.2. Our members plan, procure, provide and promote public transport in some of Britain's largest city regions, with the aim of delivering integrated public transport networks accessible to all.

2. Context for the Inclusive Growth Commission

- 2.1. The RSA has set up the Inclusive Growth Commission to explore how the UK can develop a model of economic development which promotes equality and inclusivity. City regions should be at the heart of this, both as drivers of productivity and growth in modern economies² and as the areas with the highest concentrations of low income groups³.
- 2.2. We welcome this timely initiative by the RSA and the opportunity to contribute to the furthering of an inclusive growth agenda. UTG has a large body of work on the links between transport and the economy, as well as transport's role in promoting social inclusion, hence we hope to provide a valuable perspective for the Commission.
- 2.3. This response examines the role of transport in delivering inclusive growth in respect of the Commission's three key areas of interest:
 - Economy: More inclusive, productive labour markets
 - Place: Dynamic, resilient places
 - Governance: Creating system change

3. Economy: more inclusive, productive labour markets

- 3.1. Public transport, walking and cycling are essential for developing labour markets that are both more inclusive and more productive. These modes facilitate the economic participation of the widest possible range of groups including jobseekers, low income families, young people, disabled people and older people. All of these groups rely on public transport, and the bus in particular, to access opportunities. Public transport, walking and cycling also keep our cities moving in the most efficient way, ensuring that they remain accessible and productive as they grow.

¹ With the exception of Transport for London, these bodies were formally known as Passenger Transport Executives (PTEs) and the UTG was formerly known as the Passenger Transport Executive Group (*pteg*). In recent years, some PTEs have been abolished with their functions transferred onto successor bodies, such as Combined Authorities. The new name for our group reflects these changes.

² 63% of all jobs in England are within 40km of London and the Core Cities, in what amounts to only 28% of the land area of the country.

³ 47 of the 100 most deprived neighbourhoods in England are within our member areas (from the English Indices of Deprivation 2015 www.gov.uk/government/statistics/english-indices-of-deprivation-2015)



More inclusive labour markets

- 3.2. Investment in public transport forms the foundation for building more inclusive labour markets, ensuring that the widest possible range of people can contribute to economic growth. The bus in particular is a unique and effective tool of social policy, it is intrinsically targeted at those groups who are most in need of support to enable their economic participation. This is because the groups most in need are the same as those most likely to rely on the bus, including jobseekers, low income families, young people, disabled people and older people.

Jobseekers

- 3.3. Public transport is vital in enabling people to find, and sustain, employment. One of the first considerations when embarking on a job search is ‘where can I get to?’ Transport plays a major role in the decision making process about whether to apply for, accept, or stay in employment.
- 3.4. Research has shown that some 77% of jobseekers in British cities outside London do not have access to a car, van or motorbike and almost 60% do not have a full car or motorbike driving licence⁴. The majority of urban jobseekers will therefore rely on public transport – and the bus in particular⁵ - to reach opportunities for employment.
- 3.5. Around 40% of jobseekers say that a lack of personal transport, or poor public transport, is a key barrier preventing them from getting a job⁶. Investing in available, affordable, accessible and acceptable public transport is therefore essential to facilitating the economic participation of this group.

Low income families

- 3.6. Public transport is also vital for low income working families and those who are ‘just about managing’. Around half of households on the lowest incomes have no access to a car or van⁷.
- 3.7. Affordable, high quality public transport enables those without a private vehicle to travel further and reach a wider range of opportunities for work, education and social connections. Again, the bus is particularly key to unlocking access to opportunities. Research by the University of Leeds⁸ shows that a 10% improvement in local bus service connectivity is associated with a 3.6% reduction in deprivation (as measured by the Department for Communities and Local Government’s Index of Multiple Deprivation). An improvement of this scale in the 10% most deprived neighbourhoods in England would result in around 10,000 more people in work and over 22,000 people benefiting from higher incomes.

⁴ Institute for Transport Studies (2013) Buses and the Economy II: Survey of bus use amongst the unemployed.

⁵ Bus journeys account for 15% of all trips made annually by people who have never worked or are long-term unemployed, compared to 7% for all aged 16 or over (DfT National Travel Survey NTS0708).

⁶ Social Exclusion Unit (2003) Making the Connections: Final Report on Transport and Social Exclusion.

⁷ DfT National Travel Survey NTS0703

⁸ Institute for Transport Studies (2012) Buses and Economic Growth; Institute for Transport Studies (2013) Buses and the Economy II



Young people

- 3.8. Young people aged 17-20 are amongst the biggest users of buses, making more trips than any other age group⁹. Analysis of the Department for Transport National Travel Survey shows that the bus is particularly important in enabling this group to commute to work¹⁰. The ACEVO Commission on Youth Unemployment found that: *'for a great many young people, the costs of transport remain a major barrier to engaging in education or work.'*¹¹ Indeed, a quarter of 16-25 year olds have not applied for a particular job in the last 12 months because of transport problems¹².
- 3.9. Many of the jobs that young people take up are likely to be part-time, low-paid and involve evening and weekend working. Increasingly, young people are being encouraged to sign up to apprenticeship schemes. With apprentice pay starting at just £3.40 per hour¹³ travel costs can present a significant barrier to take up of these schemes.
- 3.10. Affordable and available bus services (including off-peak) support young people to contribute to economic growth.

Disabled people

- 3.11. Disabled people are less likely to drive and more likely to use buses, community transport or lifts from friends and family than the general population¹⁴. A lack of accessible public transport can severely restrict access to labour markets. A survey among disabled people¹⁵ found that 23% of respondents who were actively seeking employment had to turn down a job offer and a further 23% a job interview, because of inaccessible transport. Some 48% said that inaccessible transport had restricted their choice of jobs. Investment in public transport has the potential to open up a wealth of opportunities for disabled people.

Older people

- 3.12. The bus is the most important mode of public transport for older people. After 17-29 year olds, people aged 60 and over are the most frequent bus users¹⁶.
- 3.13. The World Health Organisation states that *'Transportation, including accessible and affordable public transport, is a key factor influencing active ageing.'*
- 3.14. With rising retirement ages, many older people are still full-time workers and those who are not continue to make an important contribution to the economy. Older people contribute £176bn to the economy in the form of consumer spending but also unpaid childcare, adult social care and volunteering¹⁷ which in turn enable the economic participation of other groups, such as working parents. The easier it is for this group to travel, the more

⁹ DfT National Travel Survey table NTS0601.

¹⁰ DfT National Travel Survey table NTS0611

¹¹ ACEVO Commission on Youth Unemployment (2012) Youth Unemployment: the crisis we cannot afford.

¹² DfT (2002) Accessibility of local services and facilities

¹³ <http://www.taxguideforstudents.org.uk/volunteering-training/how-are-apprentices-taxed/what-is-the-national-minimum-wage-for-an-apprentice>

¹⁴ DfT (2008) Travel behaviour, experiences and aspirations of disabled people.

¹⁵ Campion, J, Greenhalgh, C and Knight, J (2003) Mind the Gap: Leonard Cheshire's Social Exclusion Report

¹⁶ DfT National Travel Survey table NTS0601

¹⁷ WRVS (2011) Gold Age Pensioners: Valuing the Socio-Economic Contribution of Older People in the UK



contribution they can make. The national concessionary bus travel scheme for older people undoubtedly assists with this.

More productive labour markets

- 3.15. Investment in public transport improves the productivity of labour markets due, in large measure, to its facilitation of agglomeration economies.
- 3.16. Economic activity is concentrated in city regions, particularly in their densest central areas. In England, 63% of all jobs are within 40 kilometres of London and the Core Cities, in what corresponds to 28% of the country's land area¹⁸.
- 3.17. These concentrations generate and perpetuate agglomeration economies. This is the notion that firms benefit from proximity to other firms, as well as between their own employees. Proximity lowers the cost of exchanging goods and ideas, and increases the pool of shared resources available – which all lead to higher productivity.
- 3.18. In turn, households are attracted to areas which benefit from agglomeration economies because more productive firms will offer higher pay and larger job markets increase workers' chances of finding suitable work.
- 3.19. The downside of this pattern is that, eventually, increased economic density leads to congestion and poor environmental quality which increase the cost of doing business and drives firms and households away.
- 3.20. The challenge which governments and planners face is how to increase the productivity and economic output of urban areas while countering the costs of increased density. One obvious solution is to increase the productivity of transport networks. By moving more people within the space available, modern public transport systems allow cities to grow whilst preserving agglomeration effects and quality of life. Thirteen buses or one four-car train can carry a similar amount of people to 300 cars¹⁹, using considerably less space thereby easing congestion.
- 3.21. Public transport is critical to ensuring cities remain accessible and are able to grow. Buses, for example, carry more than a quarter of all motorised trips into the largest city centres²⁰. If half these trips transferred to the car, city centres would grind to a halt. In the worst case scenario (assuming road networks are operating roughly at capacity), if bus networks were to collapse, this would lead to a 12.4% reduction in city centre jobs²¹.
- 3.22. If buses were not available, one in ten commuters would be forced to look for another job or give up work altogether²². In a recent survey of businesses, over half considered the bus to have a role to play in employee recruitment and retention²³.

4. Place: dynamic, resilient places

- 4.1. Transport influences the amount of accessible land available for development and the spatial distribution of economic activity. In turn, this has an impact on land prices, housing

¹⁸ pteg (2014) Transport works for growth and jobs: Why urban transport drives successful economies

¹⁹ pteg (2014) Transport works for growth and jobs: Why urban transport drives successful economies

²⁰ Urban Transport Group analysis of transport authority traffic count data.

²¹ pteg (2013) The Case for the Urban Bus: The economic and social value of bus networks in Metropolitan areas.

²² Institute for Transport Studies (2012) Buses and Economic Growth

²³ Institute for Transport Studies (2012) Buses and Economic Growth



affordability, business costs, productivity, economic performance and resilience. For example, a study by APTA²⁴ looked at the changes in house prices between 2006 and 2011 across five US metropolitan areas. It showed that properties in the catchment area of public transport stations proved more resilient to the recession, with sales prices outperforming the wider metropolitan area by between 30% and 129%.

- 4.2. At a finer level, the transport sector has the potential to make places as well as connect them. Cities are increasingly interested in creating places where people want to linger, enjoy and spend money as well as simply move through. The past focus on connecting places has been expressed via an interest in journey times and capacity and, although these issues remain important, more attention is rightly being paid to how well-designed and appropriate transport infrastructure makes places liveable and attractive.
- 4.3. Increasingly, businesses want to locate within urban areas rather than in out of town industrial sites. The financial, creative and technology sectors in particular are attracted to vibrant urban centres. Places that not only provide a good environment for doing business but which also provide a high quality of life for potential employees.
- 4.4. Investment in public transport hubs can provide the impetus that attracts investment from such sectors. For example, a £25 million investment in enhancing urban realm and passenger experience at Sheffield Station led to the creation of 3,000 direct and indirect jobs and a £110 million investment in the digital economy²⁵. Another example is the expansion of Manchester's Metrolink tram network to Salford Quays, without which it is highly unlikely that the successful regeneration of the area would have taken place, not least the decision of the BBC to relocate a large portion of its production to the site.
- 4.5. Good public transport, walking and cycling infrastructure helps to create dynamic places - places that people want to live, work, invest and play in. These modes can move more people, using less space and with less pollution than the equivalent number of cars. Each double decker bus, for example, can take 75 cars off the road²⁶. Without these networks, cities become congested, blighted by pollution and unpleasant places in which to spend any length of time in.
- 4.6. A wealth of evidence shows that the creation of good quality pedestrian environments, for example, can benefit the economy by increasing footfall and shop trading significantly²⁷. A large proportion of these pedestrians are likely to have arrived at these shops by bus. More people access the high street by bus than by any other mode – 40% of shoppers use the bus, compared with 30% by car. Investing in the bus, together with attractive walking and cycling environments, can only increase the vibrancy of towns and cities.
- 4.7. Transport for London has produced a useful set of indicators for a healthy street environment (see diagram below) and it is clear that that good public transport, walking and cycling infrastructure are pre-requisites for achieving many of these. A safe, pleasant walking environment attracts pedestrians from all walks of life. Roads that are less congested are easier to cross. The right infrastructure encourages people to walk and cycle. Cycling and walking, combined with quiet hybrid or electric buses keep air and noise pollution down.

²⁴ APTA (2012) The New Real Estate Mantra. Location Near Public Transportation.

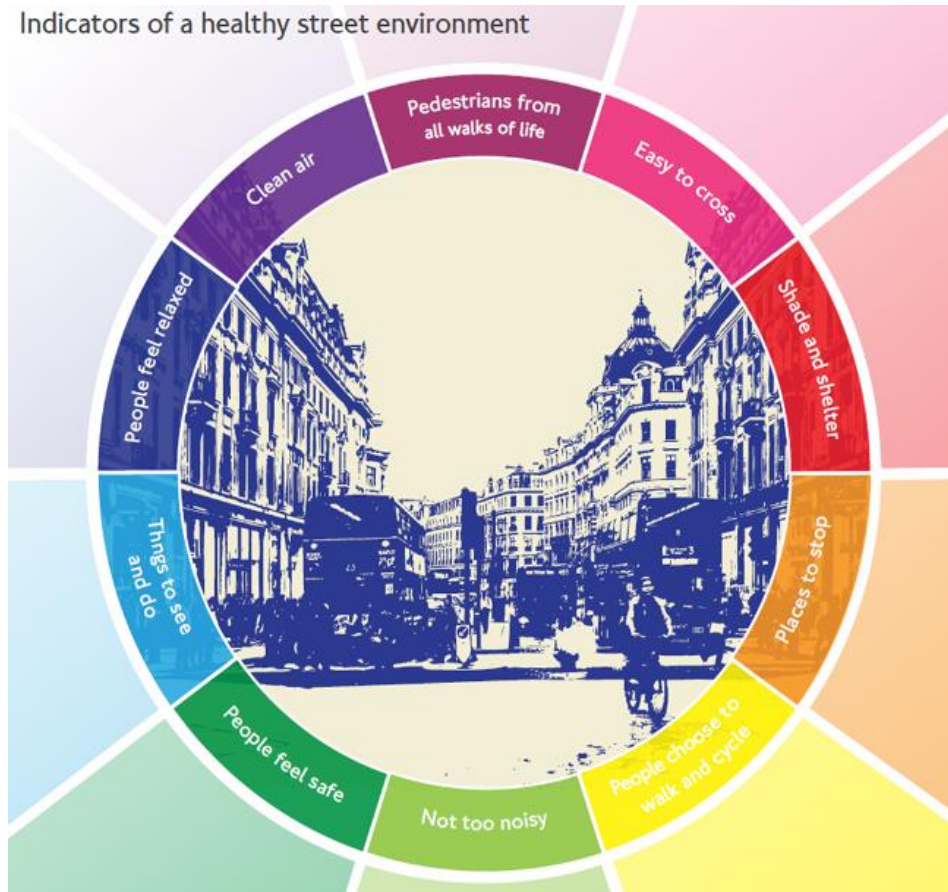
²⁵ <http://www.transportworks.org/case-studies/Sheffield-Midland-Rail-Station>

²⁶ Greener Journeys

²⁷ See Lawlor, E. (2014) 'The Pedestrian Pound: The Business Case for Better Streets and Places' for a useful summary.



Overall, people are likely to feel safer and more relaxed in places that are not dominated by cars, lorries and vans. For example, a survey of 6,600 people found that the three biggest factors that deter people from walking are *'too much traffic, traffic too fast and crossing the road in that order.'*²⁸



Source: Lucy Saunders, Mayor of London/Transport for London (2014) 'Improving the health of Londoners: Transport action plan.'

- 4.8. Healthy street environments also create healthy populations, contributing to the resilience of places. Walking and cycling are among the cheapest, most accessible, inclusive and effective means of encouraging physical activity. Even simply walking to the bus stop or cycling to the train station gets people moving in a way that taking two steps to the car cannot. People who use public transport have a much greater likelihood of achieving the minimum recommendation of 30 minutes of physical activity, five days a week²⁹.
- 4.9. More physical activity in turn leads to greater productivity. A study in the Netherlands found that, on average, cyclists missed fewer work days each year (7.4) when compared to non-cyclists (8.7). The study also found that the further someone cycled to work the less sick days they had³⁰.

²⁸ Hass-Klau, C. (2015) The pedestrian and the city

²⁹ Besser, L., Dannenberg, A (2005) 'Walking to public transit: Steps to help meet physical activity recommendations' in American Journal of Preventative Medicine 29 (4) 273-280.

³⁰ Hendriksen, I., Simons, M., Galindo Garre, F., Hildebrandt, V. (2010) 'The association between commuter cycling and sickness absence' in Preventative Medicine, Vol. 51, No.2 pp. 132-135.



- 4.10. Public transport, walking and cycling can also help maintain good mental health by contributing to all five 'ways to wellbeing', allowing opportunities to: connect with people around you; be active; take notice; keep learning; and give back³¹.
- 4.11. By investing in public transport, walking and cycling to build dynamic places, we also invest in the health and resilience of the people who use those places.

5. Governance: Creating system change

- 5.1. To deliver inclusive growth, a number of governance and systems changes would be beneficial, namely breaking down barriers and encouraging cross-sector working; reform of funding and appraisal mechanisms and continuing devolution of control over local transport.

Breaking down barriers and encouraging cross-sector working

- 5.2. Within transport at national and local level there is considerable scope for greater coordination between agencies to support economic growth.
- 5.3. At national level, Highways England and Network Rail could work more closely together to ensure that the way in which national road and rail networks develop dovetails with the inclusive growth plans and priorities of the city regions. In the West Midlands, for example, a period of significant transport infrastructure investment is planned including motorway improvements, HS2 and upgrades to the rail network. If the responsible agencies do not work effectively together there could be significant disruption to the local economy. Local authorities in the area are working with HS2 Ltd, Highways England and Network Rail to draw up a resilience strategy – more coordination of this kind is vital to strengthen network resilience and ensure economic growth is not undermined.
- 5.4. Locally, transport and land-use planning teams should consistently ensure that development primarily occurs as infill, or at least adjacent to, major centres (making use of existing transport infrastructure) and that all major developments are public transport centred and aim to achieve a design where car journeys are minimised³². Following these 'golden rules' would enable the creation of dynamic and resilient places of the kind described earlier in this response.
- 5.5. There is considerable scope for promoting discussion and collaboration across policy areas and disciplines more widely.
- 5.6. In this response we have demonstrated some of the ways in which investment in public transport, walking and cycling promote inclusive growth and bring benefits which extend far beyond the transport sector – from connecting people to jobs and opportunities to improving public health and from promoting agglomeration economies to attracting shoppers to our high streets. Indeed, analysis of the policy goals of each Government department (excluding the Department for Transport) in 2014 revealed that investing in bus services contributed to the policy goals of 11 of the then 24 departments, covering 41 policy goals in total³³.
- 5.7. Given the degree of overlap, combined with spending constraints across the public sector, there has never been a better time for agencies across sectors to get together to pool

³¹ For more details see *pteg* (2013) *The Case for the Urban Bus: The economic and social value of bus networks in the metropolitan areas* (p.68).

³² *pteg* (2011) *Thriving Cities: Integrated land use and transport planning*

³³ *pteg* (2014) *Making the connections: The cross-sector benefits of supporting bus services*.



resources and expertise. It makes sense to begin by identifying the outcomes we want and then assess the best and most efficient ways to achieving these, looking holistically at the potential to use interventions from across sectors.

- 5.8. In the transport sector, the term 'Total Transport' is used to encapsulate the need to work across public policy divides to deliver better outcomes for communities and taxpayers through the sharing of resources and expertise.
- 5.9. Efforts around Total Transport have so far focused on ensuring that the funding and resources available for collective transport are used as efficiently as possible. The public sector provides and funds collective transport in a variety of forms - from conventional bus services, through to patient transport – often under different budgets and different administrative arrangements. This can see vehicles underutilised for large parts of the day, whilst elsewhere transport needs go unmet – undermining the potential for inclusive growth.
- 5.10. Through pooling available vehicles and budgets across sectors (e.g. transport, health, education, social services) and coordinating their use centrally it is hoped that a 'Total Transport' approach will put available resources to the best possible use, thereby safeguarding and expanding networks to support inclusive growth. The Government is currently funding a series of Total Transport pilots which could be an important test bed for assessing the benefits of cross-sector working and paving the way for more such initiatives.

Funding and appraisal reform

Funding reform

- 5.11. The urgent need for higher levels of investment in urban transport systems to facilitate inclusive growth means more certainty is needed, as well as the ability to explore new potential funding streams.
- 5.12. Long-term funding certainty allows a considered approach to ranking and delivering priorities; it means that businesses and investors in city regions can plan ahead with more confidence; it allows expertise and capability in the planning and delivery of schemes to be built up and retained; and it reduces the inefficiencies inherent in oscillating between 'feast or famine'.
- 5.13. Whilst greater certainty has been bought to rail and road spending through five year funding periods and investment programmes, funding for local transport infrastructure has proved less stable and more dependent on securing competition funding. At the same time, revenue spending on local transport has seen deep cuts, with the prospect of more to come. Revenue spending is needed in particular for the bus services that are so vital in promoting growth that is truly inclusive.
- 5.14. The proliferation of competition funding creates additional pressures on declining resource funding in terms of uncertainty around when competitions will emerge, what they will cover and whether or not a local authority's bid will be successful.
- 5.15. In terms of income generation, Local Transport Authorities already have clear powers in areas like road user charging and parking, however other potential funding streams should also be examined to give authorities more options for supporting inclusive growth. For example, a proportion of Vehicle Excise Duty (VED) could be hypothecated to urban areas following on from the Government's moves to hypothecate VED to Highways England.



Appraisal reform

- 5.16. Current methods of transport appraisal (largely based on journey time savings, though with a growing recognition of the contribution towards agglomeration economies in urban areas) are not always able to capture the full benefits of transport investment for inclusive growth or assess the desirability of a given distribution of benefits over another. This is a particular concern in relation to large infrastructure schemes, such as Crossrail Two or significant investment in Trans-Pennine rail links, which can have a transformational effect on housing and labour markets, as well as on the behaviour of households and firms.
- 5.17. The way in which national government satisfies itself that local government transport spending is being carried out efficiently and effectively is inconsistent, can be overly prescriptive and can be subject to 'clawback' (asking for further reviews and options, even after funding approval has been given). This is wasteful in terms of duplicated resources as well as the costs associated with project delays.
- 5.18. A review of good practice might be helpful in moving towards new guidelines for Whitehall Departments on appropriate, consistent and proportionate oversight which strikes the right balance between devolutionary principles and the need to ensure that public money is properly accounted for.

Devolution of powers on local transport

- 5.19. The process of devolution - the transfer of powers and responsibilities from national government to local level – has rightly been gaining momentum in recent years, seen for example, in the creation of the first Combined Authority in Greater Manchester and its City Deal the following year. The deal unlocked new local powers and funding around planning, housing and transport, including the creation of Transport for Greater Manchester with a far expanded remit compared to the Passenger Transport Executive it replaced. It also afforded control of investment through a new 'earn back' funding arrangement which delivers extra money for infrastructure if Greater Manchester reaches certain levels of economic growth. More City Deals have since followed.
- 5.20. Devolving powers to local transport authorities means that decisions are made locally, informed by insight into the particular circumstances and needs of local economies and communities. Local transport authorities are more receptive to these needs as well as to opportunities for savings and synergies that emerge from other current and planned projects or developments.
- 5.21. There is still more to be done to speed up devolution. The way in which transport is planned, managed and run in the cities outside London is complex and fragmented. Whereas London is able to determine, plan, regulate and specify its own bus and mass transit systems, this is not the case in the other cities. This in turn means that outcomes for passengers and local businesses can be fragmented, including on issues like fares and the simplicity of structures in terms of who is responsible for what.
- 5.22. Giving cities the power and capacity to plan their own transport networks could unlock enormous economic potential, as it has in London. Our cities are growing, bringing congestion and strain on the transport network that threatens their continuing productivity.



Devolution packages for city regions need to give them the power to invest, innovate and drive inclusive growth.

- 5.23. Where responsibility for local rail services has been devolved, for example, service quality and passenger satisfaction have been transformed. This has been the case for Merseyrail Electrics, Scotrail and London Overground. Meanwhile the Bus Services Bill, currently making its way through the House of Commons, offers the chance for local areas to choose how they wish to provide local bus services, including the opportunity to utilise London-style powers to plan and regulate bus services as a single integrated network.
- 5.24. It is important to continue to press for greater devolution to enable local areas to invest in the transport and other components needed to deliver inclusive growth that meets the needs of local economies and communities.

6. Conclusion

- 6.1. This response has demonstrated the vital role of public transport, walking and cycling in delivering inclusive growth. Investing in transport creates more inclusive labour markets by ensuring that the widest possible range of groups can participate in the economy and contribute to growth. It delivers more productive labour markets by facilitating agglomeration economies and ensuring success is not undermined by congested roads and unpleasant environments. It ensures people can find and sustain employment.
- 6.2. Public transport, walking and cycling are also the foundations for dynamic, resilient places and populations. The right transport networks can create places that people want to live, work, play and invest in. Places that in turn encourage the healthy lifestyles that will pay dividends in the years to come.
- 6.3. This response has also set out how a number of governance and systems changes could further safeguard transport's ability to deliver inclusive growth, by breaking down barriers and encouraging cross-sector working, reforming funding and appraisal mechanisms and continuing the process of devolution of powers over transport to local level.
- 6.4. We would welcome the opportunity to expand on the points outlined in this response and provide further evidence as to how transport investment can support inclusive growth.