

**THE ODPM: HOUSING, PLANNING, LOCAL GOVERNMENT
AND THE REGIONS SELECT COMMITTEE
PRE-LEGISLATIVE SCRUTINY OF THE DRAFT REGIONAL ASSEMBLIES BILL**

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INTRODUCTION

- 1) *pteg*, which represents the seven Passenger Transport Executives (PTEs) within the UK, welcomes the opportunity to submit evidence to this scrutiny process. The Passenger Transport Authorities (PTAs), which are the joint boards made up of representatives from their constituent Metropolitan District Councils, set the framework within which the PTEs deliver services. The seven PTEs cover areas with a total population of over 13 million people; thus nearly a quarter of the British population live in PTE areas.
- 2) PTEs are responsible for ensuring local public transport services are delivered to meet local needs in accordance with their PTA's policies. Each PTE works with bus, train and, in many cases, tram concessionaires, to ensure these local needs are met. They also play a key role with regard to public transport information and fares and ticketing schemes, particularly concessionary travel for eligible groups residents. Nexus, Strathclyde and Merseytravel are PTEs with substantial operational responsibilities for transport services. All of the PTAs have, at their hearts, cities that act as regional centres for a wider area beyond the Authority boundaries. They currently work closely both with the local District authorities through Local Transport Plan (LTP) partnerships and with the current regional assemblies to ensure effective policy co-ordination.
- 3) This legislation affects only England and therefore has no impact on Strathclyde PTE. Nexus, the PTE serving the Tyne & Wear area may be the first to be directly affected by the legislation, being part of the North East Region where a referendum is planned for later this year. The practical application of an Elected Regional Assembly (ERA) to the North East is considered in the final section of this evidence. It is also worth noting that both the North West region and Yorkshire and the Humber region have two PTEs operating in each of their areas. In recent years there has been strong co-operation between each pair of PTEs to pursue joint initiatives to benefit their regions.

SUMMARY

- 4) We broadly welcome the increased devolution of powers from central to regional government that the legislation intends to take place. However, we have concerns about the practical implications of this process with regard to the following specific transport issues:
 - there should be a stronger delegation of powers to ERAs from national agencies responsible for strategic road and rail expenditure;

- there should continue to be strong sub-regional frameworks for the planning and delivery of local transport services broadly based on travel to work areas;
- there needs to be greater clarity as to how sub-regional and regional strategies will dovetail, particularly as regards changes to the national specification of rail services;
- there should be clear powers for ERAs to determine the priorities for local transport spending that fall outside the formula-based allocations; and
- there are other areas where ERAs may have a valid role to play in improving transport that has a strong regional dimension.

REGIONAL CONTEXT

- 5) PTA/Es have a long history of working closely with their regional partners and playing an active role in developing their spatial, planning, economic and transport strategies. The conurbations they represent are often the key drivers for the economies of those regions. In its publication 'Rail in the City Regions'¹, **pteg** demonstrated the importance of good connectivity to those centres, particularly in enhancing their economic competitiveness. City Regions, broadly based around their travel to work areas, provide coherent units for addressing transport policy issues. It is important that the creation of ERAs supports this approach. It should also improve accountability and not add additional layers of decision-making or duplicate existing mechanisms. Central to such processes is the ability to make decisions at the regional and sub-regional level across all modes. The proposals to devolve more responsibilities to PTA/Es and give greater flexibility on rail funding are welcomed.
- 6) Effective planning and delivery at the regional and sub-regional level will require powers covering not just the allocation of DfT 'local transport' funding, but also a strong influence over the priorities of the Highways Agency and the Strategic Rail Authority (SRA)/Network Rail. Whilst this requires addressing difficult issues of national versus regional/local expenditure, achieving truly devolved decision-making may be the key to delivering a challenging transport agenda. The important issue here is that ERAs should be empowered by the Government releasing authority from the centre, not by Regions seeking to take control of issues which are currently being dealt with at sub-regional and local levels.

¹ 'Rail in the City Regions', a report for **pteg** by JMP Consulting, March 2004. The report can be found at <http://www.pteg.net/assets/Final-Report-to-PTEG-March-2004.pdf>

POWERS OVER RAIL SERVICES

- 7) At present PTEs have powers over local rail services as set out in the Railways Act 1993, though these were modified in the Transport Act 2000, and in legislation devolving powers to Scotland and Wales. PTEs are the only local bodies to have formal powers as regards rail services. The new legislation will bring the Assemblies into the decision-making process for rail services. The powers are broadly the same as 'The Future of Rail' White Paper envisages for PTEs, which is to vary the service at the margins. The indication is that PTEs will have a measure of control over fares policies whilst the ERAs will not. This is appropriate given the complex way in which different modes of transport interact in the PTE areas.
- 8) The White Paper envisages this power as a transitional one until such time as the Office of Rail Regulation (ORR) has established a better method of allocating costs. The Government then expects to delegate fuller financial responsibility to PTEs. Whilst the White Paper also envisages the PTEs no longer being a direct party to the franchise agreements that determine their local services, *pteg* believe this would be inconsistent with the delegation of financial responsibility. At this stage, it is also not clear over which services these responsibilities could be exercised.
- 9) The pending legislation following on from the publication of 'The Future of Rail' White Paper will no doubt clarify the situation. However, it seems likely that the draft regional legislation will create an overlap of powers between ERAs and PTEs. Both will be able to vary services at the margin. It is unclear how this would work in practice, although it could lead to some difficult situations where ERAs and PTEs find themselves working to conflicting policy agendas and priorities.
- 10) The new situation could also lead to an important funding anomaly that could lead to services stagnating. If PTEs choose to improve services, as many are seeking to do to meet the transport policies of their areas, then this will lead to additional cost being funded by the local Council Tax payer. If Assemblies do the same thing, they will either fund this through funding provided by central government grant or through their limited precept raising powers. In either case, more transparently in the latter, residents in PTA areas will pay for their own local improvements and contribute to those that the ERA chooses to fund outside PTE areas as well as to those initiated by the PTE. Similar anomalies may arise when a PTE or ERA decides to reduce service.
- 11) We would suggest that there should be greater clarity in the new legislation as to the respective roles of PTEs and Assemblies. In our view, the new legislation should make clear where the responsibility is to initiate change, and place a duty on that authority to consult with the other to minimise conflict and abortive effort. PTA/Es would expect that the ERA powers would generally apply either to services outside PTA areas, or to regional services with only one stop in a PTA area but more than one stop in the region.
- 12) It is particularly important to resolve this conflict with regard to the North West region and Merseytravel, where the PTA acts as local agency of the SRA with

regard to the Merseyrail Electrics franchise. Although in place for little over a year it has been widely recognised that this devolution of power to a PTA has been highly effective in delivering a high standard of service and encouraging the partnership to invest appropriately in the long-term future of rail travel. The possible future role of an ERA in the North West, should reflect this unique local partnership, and may need to be protected by the new legislation.

THE ROLE OF ASSEMBLIES REGARDING LOCAL TRANSPORT PLANS AND CAPITAL FUNDING PRIORITIES

- 13) The draft Bill envisages that the Assemblies will be responsible for setting the regional strategy for transport. PTAs and their local highway authority partners have been responsible for producing and delivering LTPs for the last five years. In doing so they have had to take full account of the regional strategies. In this respect little change is envisaged.
- 14) The Policy Paper that accompanied the publication of the Bill is rather vague about the role envisaged for the Assemblies. Paragraph 56 of the Paper starts:

'Assemblies would also be given some important tools to help them to deliver this [regional transport] strategy. Their general purposes would enable them to advise the Government on the allocation of local transport funding (including the consistency of local bids with regional policies and priorities) and make proposals for schemes of regional importance to the national organisations responsible for highways and rail.'
- 15) The use of the word 'tools' implies powers to determine the funding that will be provided to local authorities and, in the case of PTAs, local authority partnerships. The 'advisory role' indicated by the second sentence indicates an influencing role rather than a spending one. Our view is that the Government's position is nearer the former than the latter scenario. Already 'Shadow Transport Boards' have been set up in two of the Regions to consider the appropriate allocation of transport funds that are currently administered by LTP authorities, and by the Highways Agency and Strategic Rail Authority (SRA). The implication of this change is that the central government will increasingly work towards regional allocations of spending, devolving the responsibility for sub-regional spending to Assemblies. This is entirely consistent with the Government's stated objective of devolving power.
- 16) A difficulty arises with the confusion potentially created by a PTA-based Local Transport Plan attempting to deliver both national priorities, increasingly being sought through the 'Shared Priorities' agenda agreed between Central Government and the Local Government Association, whilst at the same time facing a ERA with rather different policy objectives, but with the power to 'reward' or 'penalise' LTPs that further or detract from the delivery of its regional strategy.
- 17) Over the past year, the Department for Transport (DfT) has adopted a process of 'local engagement' with key local authorities, including all the PTE areas, and this has been extremely welcome. The PTEs consider that this has been very helpful in improving understanding by Government of the local issues that PTEs are

facing, and equally has helped them to understand better the pressure on the Df to deliver to its Public Service Agreement (PSA) targets and the role of local partners in this process. It would be unfortunate if the ERAs' intervention were to lead to any diminution of the improving partnership between local authorities and the centre.

- 18) It remains unclear the extent to which Government will seek to use the funding system for Regions to provide the necessary policy 'signals', should it decide effectively to devolve responsibility for LTP funding. We feel that Central Government should be clearer in its intentions as to how the capital funding regime for transport is expected to work with ERAs in place. This should include the degree to which national agencies, notably the Highways Agency and the successor body to the SRA, will also be expected to submit their programmes to with regional and sub-regional. In our view, the ERAs may be able to add significant value if they are allowed to act as a 'bridge' between local and national decision-making by exercising their legitimate power as directly elected bodies in these areas. Conversely, to subject local authorities to a regional agenda without requiring national bodies do the same is likely to be a backward step, creating confusion and slowing down the delivery process.

OTHER MATTERS

- 19) Finally, it may be helpful to point out some of the issues in which the ERAs may choose to intervene as regards transport policy, given their wide ranging proposed economic and social remit, and to consider the implications on local transport. These could include:
- establishment of regional concessionary travel arrangements where this is appropriate to meet social needs; and
 - filling gaps in the passenger transport network at a regional and inter-regional level, particularly away from the rail network where inter-urban coach services can play an important role.

SPECIFIC ISSUES RELATING TO THE NORTH EAST

- 20) Nexus - the PTE for the Tyne and Wear area - is responsible for ensuring that local public transport services are delivered in accordance with the policies of its PTA, and serves a population of just under 1.1 million. In addition, Nexus operates the Tyne and Wear Metro.
- 21) The emerging North East Regional Spatial Strategy identifies two city regions based on the conurbations of Tyne, Wear and Tees Valley (Middlesbrough, Stockton and Redcar). Both of these attract journeys to work from a wider area. The public transport links between the two city regions are not well developed. The A1 and the A19 provide dual carriageway road links, although there are no direct rail services.

- 22) The North East has a strong sense of identity and a clear view of its aims to grow economically. It seeks a transport network that will assist the process of economic growth and reduce social exclusion while minimising environmental impact. The area's public transport infrastructure, however, does not currently provide the quality or quantity sufficient to deliver this. It is Nexus' view that the transport powers of a future North East ERA should enable the region to bring its own, local focus to the funding and prioritisation of an improvement strategy.
- 23) Nexus considers that the proposed North East ERA should have the right to become a regional transport authority, not only to ensure fit between regional and sub-regional strategies, but also to assume powers that are currently exercised directly by Ministers. Thus the North East ERA should be responsible for approving and funding LTPs as well as ensuring that they fit within an overall regional approach. This strategic approach would not be confined to transport; it would also cover land use planning and economic and social development, enabling a joined-up view to be taken. It would, for example, enable a regional approach to be taken to travel demand management, ensuring that local councils worked together to tackle this very difficult challenge. As part of this process, and alongside the changes in governance, it may be appropriate to encourage greater use of joint LTPs that focus more strongly on the needs of the sub-region and less on local improvements.
- 24) The overall position of Nexus, therefore, is to support the establishment of an ERA for the North East of England.

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