

THE PATHWAY TO A BRIGHTER TRANSPORT FUTURE

Delivering growth
through transport
devolution



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About Urban Transport Group

The Urban Transport Group is the UK's network of transport authorities. Our vision is for city regions, their towns and surrounding areas to be green, fair, healthy and prosperous places, with public transport and active travel options that provide access and opportunity for all.

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INTRODUCTION

The fundamental belief underpinning devolution is that local needs are best served by local decision making informed by local knowledge. Devolution is key to designing, implementing and operating transport networks that are responsive to local priorities and the needs of communities. Devolution of transport and aligned policy areas (such as planning and housing) unlocks the ability to join the dots between these policies, with local decision makers best placed to understand the synergies between transport and other policy goals, using these to create thriving places.

The UK devolution journey has been primarily powered and underpinned by transport. Transport powers, including over the national road and rail networks, are substantially devolved in Scotland and, to a lesser extent, in Wales, whilst in England (the focus of this report), significant transport powers and funds have been devolved to city regions through place-based deals.

English devolution arrangements include exercising Local Transport Authority (LTA) and public transport functions across larger footprints, access to longer term funding settlements, and the ability to borrow funds and levy constituent authorities. Since the first deal in Greater Manchester in 2014, there are now 12 places with directly elected Mayors, with two more areas due to hold their mayoral elections in 2025 to form new MCAs. Over half of England's population, and more than half of its economic output, is now covered by devolution deals.¹

Outside of London, devolution has so far seen around £30 billion of public spending devolved to metro mayors through increasingly flexible and long-term funding arrangements.² Having started with formula based multi-year capital grants, which evolved into five year, predominately capital with smaller revenue settlements more recently, most mature MCAs are now in line to receive fully integrated multiyear settlements – so called 'departmental style settlements'.

Innovative projects and transport network improvements are taking place in all city regions, spurred by devolution and the longer-term funding certainty it brings. Perhaps the most recognisable change being driven by transport devolution is Greater Manchester's new integrated Bee Network, comprising of a franchised bus network, light rail system, extensive walking and cycling routes, and with an ambition for local rail services to be fully integrated by 2030.

English transport devolution is beginning to deliver real change across major cities. Transport devolution in England has demonstrated transformative potential in enhancing connectivity, promoting economic growth, and addressing regional inequalities. Through localised decision-making, long-term funding certainty, and integrated policy making, city regions have begun to unlock the opportunities for improved public transport systems and active travel infrastructure.

However, the journey is far from complete. To fully realise the ambitions of transport devolution, the government must prioritise expanding powers in critical policy areas such as micromobility and rail integration, alongside implementing sustainable financial mechanisms. Addressing challenges such as fiscal centralisation and the need for cohesive national and local policy alignment will be essential to ensuring equitable and efficient transport networks across England.

Following the release of the new English Devolution White Paper, this report explores the central role of transport in the journey of English devolution, looking back at the history and delivery, as well as forwards, exploring the missing links and next steps.

In order to unlock the full extent of the opportunity that devolution offers, we recommend that the Government must:

- Progress at pace with the further devolution of powers in policy areas outlined in the new English Devolution White Paper.
- As part of the upcoming Spending Review, commit to greater fiscal devolution by providing city regions with greater local investment levers.
- Ensure a sustainable financial future for local and combined authorities through a new sustainable, long term funding approach.
- Provide a multi-year funding settlement for Transport for London to enable it to properly maintain and renew transport assets and to honour existing contracts to deliver upgrades to the network.
- Ensure that the method used to allocate transport funds through new Integrated Settlements is fair, transparent and adequate to the needs and plans of the devolved areas.
- Put in place a simplified and flexible accountability approach that clearly recognises and reflects the importance of transport spending, its long-term nature and the requirement for sufficient capacity building.
- Ensure the delivery of various national strategies concerning transport take account of the timing, goals and interdependencies and requirements to best support Local Transport Authorities.

A new framework for devolution

The Government has recently set out its approach to the future of English devolution, promising to deliver a 'devolution revolution' over the course of this Parliament.

The English Devolution White Paper was released in December 2024, setting out a new rationalised framework for local government and devolution of powers, responsibilities and funds. The White Paper underscores the government's central policy goal of widening and deepening devolution.

A new approach to extend devolution across England would see the government move away from a deals-based approach, instead legislating for a 'devolution by default' principle with access to certain established powers and responsibilities depending on the type of authority.

It is expected that the forthcoming English Devolution Bill will put into legislation the statutory functions and governance arrangements for each level of Strategic Authority, with members of that level receiving the corresponding functions automatically as devolution 'by default'.

Alongside the creation of a new architecture of governance, the White Paper also sets out new powers across policy areas to deepen devolution. This includes powers around transport (micromobility, rail, strategic roads and other – explored further in the next section), spatial development and planning, economic powers, control over employment support and plans for new innovation funding, with future expansion of the mayoral role in health, energy and delivering net zero.

Established Mayoral Strategic Authorities will be able to propose, additional functions to be added to the statutory Devolution Framework, as the framework is viewed as 'a floor to our (government) ambition, not a ceiling'.³

Deepening of powers will take place alongside widening of devolution, with the government intending to accelerate the pace of devolution. This process will be underlined by principles by which the government will be guided in filling the devolution map. These include scale (with a preference for a combined population of more than 1.5 million people for strategic authorities), economic geography, alignment to public service footprints and local identity.⁴

Devolve to grow

The Government has placed economic growth at the heart of its policy ambitions. Given that centralisation of the British state has been found to be among the key factors holding back the economic performance of big cities⁵, devolution can and must play a role in enabling them to deliver growth. Devolution is seen to be key to boosting local and regional economic growth, paired with effective governance, fiscal autonomy, and policy coherence. Devolution of powers and funds can combat the 'one-size fits all' approach which has been found to have constrained local economic growth.⁶

There is a strong consensus that city regions are key to improving the UK's wider economic competitiveness. Transport is the key enabler of such growth. In its most recent assessment, the National Infrastructure Commission (NIC) highlighted that investment in transport networks can boost productivity in cities through increasing access to highly skilled labour, attracting new investment, and capitalising on agglomeration benefits.⁷

Investment in transport networks and further transport devolution is also key to supporting the government's plans to boost house building across the country. Better connectivity increases the potential for housing development by reducing commute times to city centres, increasing accessibility, reducing congestion and enhancing quality of life, driving demand for new housing and creating a viable market. The NIC's assessment found that a lack of effective transport infrastructure is limiting the productivity of city regions⁸. To deliver on their potential, city regions need efficient local transport networks, which are resilient, integrated and responsive to current and future challenges and passenger needs.

Devolution of powers and funds is fundamental to creating such networks. The NIC assessment finds that it is 'essential' that central government gives local authorities devolved budgets that allow them to plan for the long-term and that local authorities are '*better placed than central government to determine what their priorities are for transport investment*'. It argues that such a change will '*help places develop locally led infrastructure and growth strategies through which transport investment can be considered alongside housing and land use development*'.

Devolution enables authorities to work more strategically, coordinating action and supporting integration of services and projects. The impact and success of this is starting to be seen across the most mature MCAs, with Greater Manchester forecast to outpace the UK's economic growth rate between 2024 and 2027.⁹

Devolution across policy areas enables MCAs to take the best use of synergies between policies to create a place-based approach to policy making and planning. MCAs are tasked with planning and delivering economic growth, increasing employment, housing targets, net zero and accessibility. Transport is the key puzzle piece in the task of bringing these policies together. The best example of this is London, where due to greater policy levers, the capital city is able to better link transport with land use planning and economic strategies, together with wider sustainability and climate change strategies. Successful infrastructure development and a place-based approach to local and regional governance relies on integrating land use planning, decision-making powers, financial resources, and funding mechanisms.

Devolution: Transport as a catalyst for new housing

Elizabeth line (Transport for London/ GLA): Since opening in 2022 the Elizabeth line has had a direct impact on the development and delivery of 55,000 new homes, including in Abbey Wood, one of the largest regeneration areas in London.¹⁰ Some 60 per cent of employment growth within greater London, during the Elizabeth line build between 2015 and 2022, has been within 1km of an Elizabeth line station.¹¹

Cambridge Guided Busway (Cambridgeshire and Peterborough Combined Authority): Transport investment in the Cambridge Guided Busway has facilitated housing growth in nearby areas such as Northstowe, a new town under construction that is expected to deliver over 10,000 homes.¹²

Darlington Station Gateway (Tees Valley Combined Authority): Investments to enhance transport links at Darlington Station have supported plans for nearby housing developments by improving connectivity and boosting land value.

Merseyrail expansion (Liverpool City Region): LCR's devolved powers and funding facilitated investments in the Merseyrail network, including extending lines to areas targeted for housing development. For example, the Wirral Waters regeneration project is benefiting from improved rail and road infrastructure, supporting the delivery of 13,000 new homes.

Rapid Transit Development (Greater Manchester Combined Authority): New rapid transit infrastructure in Greater Manchester including the expansion of the Metrolink tram network and introduction of a guided busway, have been the catalyst for housing growth in areas across Greater Manchester by improving connectivity and supporting urban regeneration.

MetroWest Rail Project (West of England Combined Authority): the MetroWest project will enhance the local rail network, increase passenger numbers and improve connectivity. By reopening rail lines and building new stations, the project increases access to previously underutilised or disconnected areas. For example, the Portishead Line and the Henbury Line is set to reconnect areas with significant housing growth potential, enabling better access to jobs and services in Bristol and the wider region.

London: Joined up policy-making enabled by devolution

The Mayor of London sets out London's economic growth policy in three documents; the Mayor's Transport Strategy, the Economic Development Strategy and the London Plan. The transport strategy is coordinated and integrated within the wider economic strategy for the city region, which allows Transport for London (TfL) to consider the impact of transport investment on other areas of public provision.

The benefits of joined up place-based policy planning combined with greater fiscal leavers can clearly be seen, for example, in the Battersea and Nine Elms redevelopment project.

By using tax incremental financing, the Greater London Assembly (GLA) has been able to fund the £1 billion cost of the London Underground Northern line extension to Battersea Power Station and Nine Elms.

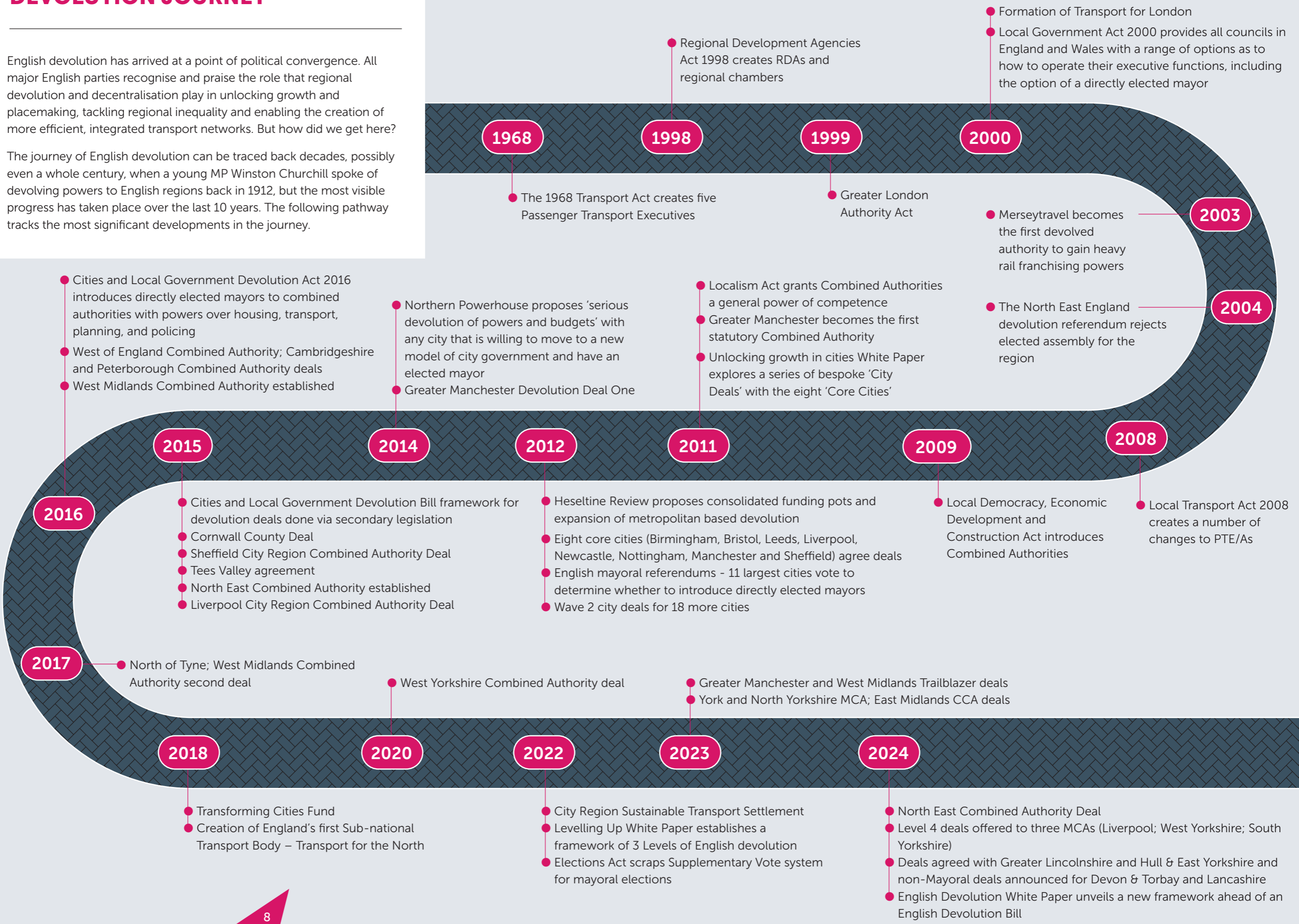
This has involved borrowing against anticipated business rate receipts in the area around the development. The development will see 18,000 additional homes be within 15 minutes reach of central London.¹³



THE ENGLISH DEVOLUTION JOURNEY

English devolution has arrived at a point of political convergence. All major English parties recognise and praise the role that regional devolution and decentralisation play in unlocking growth and placemaking, tackling regional inequality and enabling the creation of more efficient, integrated transport networks. But how did we get here?

The journey of English devolution can be traced back decades, possibly even a whole century, when a young MP Winston Churchill spoke of devolving powers to English regions back in 1912, but the most visible progress has taken place over the last 10 years. The following pathway tracks the most significant developments in the journey.



1968

- The 1968 Transport Act creates five Passenger Transport Executives

1998

- Regional Development Agencies Act 1998 creates RDAs and regional chambers

1999

- Greater London Authority Act

2000

- Formation of Transport for London
- Local Government Act 2000 provides all councils in England and Wales with a range of options as to how to operate their executive functions, including the option of a directly elected mayor

2003

- Merseytravel becomes the first devolved authority to gain heavy rail franchising powers

2004

- The North East England devolution referendum rejects elected assembly for the region

2008

- Local Transport Act 2008 creates a number of changes to PTE/As

2009

- Local Democracy, Economic Development and Construction Act introduces Combined Authorities

2011

- Localism Act grants Combined Authorities a general power of competence
- Greater Manchester becomes the first statutory Combined Authority
- Unlocking growth in cities White Paper explores a series of bespoke 'City Deals' with the eight 'Core Cities'

2012

- Heseltine Review proposes consolidated funding pots and expansion of metropolitan based devolution
- Eight core cities (Birmingham, Bristol, Leeds, Liverpool, Newcastle, Nottingham, Manchester and Sheffield) agree deals
- English mayoral referendums - 11 largest cities vote to determine whether to introduce directly elected mayors
- Wave 2 city deals for 18 more cities

2014

- Northern Powerhouse proposes 'serious devolution of powers and budgets' with any city that is willing to move to a new model of city government and have an elected mayor
- Greater Manchester Devolution Deal One

2015

- Cities and Local Government Devolution Act 2016 introduces directly elected mayors to combined authorities with powers over housing, transport, planning, and policing
- West of England Combined Authority; Cambridgeshire and Peterborough Combined Authority deals
- West Midlands Combined Authority established

2016

- Cities and Local Government Devolution Bill framework for devolution deals done via secondary legislation
- Cornwall County Deal
- Sheffield City Region Combined Authority Deal
- Tees Valley agreement
- North East Combined Authority established
- Liverpool City Region Combined Authority Deal

2017

- North of Tyne; West Midlands Combined Authority second deal

2020

- West Yorkshire Combined Authority deal

2023

- Greater Manchester and West Midlands Trailblazer deals
- York and North Yorkshire MCA; East Midlands CCA deals

2022

- City Region Sustainable Transport Settlement
- Levelling Up White Paper establishes a framework of 3 Levels of English devolution
- Elections Act scraps Supplementary Vote system for mayoral elections

2018

- Transforming Cities Fund
- Creation of England's first Sub-national Transport Body – Transport for the North

2024

- North East Combined Authority Deal
- Level 4 deals offered to three MCAs (Liverpool; West Yorkshire; South Yorkshire)
- Deals agreed with Greater Lincolnshire and Hull & East Yorkshire and non-Mayoral deals announced for Devon & Torbay and Lancashire
- English Devolution White Paper unveils a new framework ahead of an English Devolution Bill

TRANSPORT AT THE HEART OF ENGLISH DEVOLUTION

Existing powers and responsibilities

Whilst all devolution deals agreed up until now have seen tailored functions and responsibilities, all of the deals include an agreement on devolved responsibility for substantial aspects of transport.¹⁹ The Institute for Government has noted that the main functions devolved to MCAs are intended to boost economic performance, with most MCAs having only a 'few powers over public services aside from transport'.²⁰

London's power and funding arrangements and the resulting integrated transport network is often cited as the ultimate prize of English transport devolution. Integrating transport planning across the bus and underground systems, alongside other modes, has enabled London to achieve the lowest levels of private transport use in the UK.²¹

Transport for London (TfL) was established as a statutory body by the Greater London Authority (GLA) Act 1999, responsible for meeting the Mayor of London's strategy and commitments on transport, meaning that TfL:

- is responsible for the provision of public passenger transport services to, from, or within, Greater London.
- is the highway and traffic authority for GLA roads and has control over the provision of bus services.
- is the licensing authority for hackney carriages (taxis) and private hire vehicles (minicabs).
- derives its income and funding from fares and local and central government grants. TfL also has borrowing powers and the ability to raise local funds.

Outside of London, Mayoral Combined Authority deals have included the following transport powers:

- becoming the strategic transport body for the area and assuming all associated Local Transport Authority and public transport functions, including responsibility for an area-wide local transport plan, bus Enhanced Partnerships, support for public transport services, and concessionary fares.
- automatic access to franchising powers to independently introduce bus franchising.
- a defined and coordinated Key Route Network (KRN), with the opportunity to request mayoral power of direction over the KRN.
- local partnership with Great British Railways, once it is created, to help shape and improve local rail
- for transport purposes, MCAs as well as Combined Authorities and County Combined Authorities can borrow money and levy their constituent authorities.
- in Greater Manchester, the West Midlands, West Yorkshire, South Yorkshire, Liverpool City Region and North East, the MCAs have also taken on the powers of passenger transport executives, assuming responsibility for local public transport services such as light rail, tram and ferry networks.

The role that MCAs have undertaken has also significantly revolved around a convening power across areas, bringing together partners to work on strategic issues across local authority and even Combined Authority borders. This is often exercised through the MCA strategic powers as well as the 'soft powers' of the directly elected mayors to convene and persuade other actors.²² Exposure of the political leaders and their initiatives and projects has also led to greater name recognition and the visibility of local transport-related policies.²³



New powers

The White Paper reflects the government’s desire to move away from a deals-based approach to devolution and instead sets out plans to legislate to define the concept of a Strategic Authority, with all Strategic Authorities belonging to one of the following levels:²⁴

- Foundation Strategic Authorities: non-mayoral Combined Authorities and Combined County Authorities automatically, and any Local Authority designated as a Strategic Authority without a Mayor.
- Mayoral Strategic Authorities: the Greater London Authority, all Mayoral Combined Authorities and all Mayoral Combined County Authorities will automatically begin as Mayoral Strategic Authorities.
- Established Mayoral Strategic Authorities: those who meet specified eligibility criteria may be designated as established authorities, unlocking further devolution, including an Integrated Settlement.

Government has confirmed in the White Paper that the MCAs representing Greater Manchester, Liverpool City Region, the North East, South Yorkshire, West Midlands, and West Yorkshire all meet the criteria to become Established Mayoral Strategic Authorities. Alongside the existing powers, the framework also unveiled a set of new powers that would be on offer to Strategic Authorities. This includes:

Theme	Power	Authority Level
Roads	Power of Direction over a Key Route Network	Mayors in Mayoral Strategic Authorities
	Framework to regulate on-street micromobility schemes	All Local Transport Authorities
	Approval of local Lane Rental schemes (<i>subject to consultation, on whether the power to approve applications should be devolved from the Secretary of State to Mayors of Strategic Authorities or to highway authorities</i>)	Mayoral Strategic Authorities and Local Highway Authorities
	Approvals for stopping up orders nationally, in line with London. Other minor road consents will be devolved and changes to tolls on certain tolled undertakings will also be devolved to Mayors	Mayoral and Established Mayoral Strategic Authorities
	Formalised and strengthened relationship with National Highways, ensuring a more cohesive approach to the management and development of England’s strategic road network alongside local roads	Mayoral and Established Mayoral Strategic Authorities
	Government will publish a formal response to the 2020 pavement parking consultation, with the expectation for Strategic Authorities to play a leading role in developing a consistent approach to enforcement across their area	Dependent on outcome of review and consultation

Theme	Power	Authority Level
Rail	A statutory role for Mayors in governing, managing, planning, and developing the rail network	Mayoral and Established Mayoral Strategic Authorities. Consultation to take place on this role ahead of the legislation required to establish the functions of Great British Railways. Guidance will outline the core components that each tier of Strategic Authority can expect.
	Option for greater control over appropriate local stations. The government will also work with Strategic Authorities to explore how the considerable land value potential in rail-owned land could drive regeneration, commercial and housing opportunities	Mayoral and Established Strategic Authorities
	Right to request further rail devolution, up to full devolution of defined local services	Established Mayoral Strategic Authorities
Ticketing	Priority for government support to deliver multi-modal ticketing, building on existing pay-as-you-go rail pilots	Established Mayoral Strategic Authorities
Active Travel	Active Travel England will support Strategic Authorities to increase capability and address skill gaps, with a right to request capability assessments for their constituent authorities	All Strategic Authorities
Consents	Removal of requirements for Secretary of State consent to applications for Special Event Orders, dropped kerbs, conversions of footpaths to cycle tracks, and the construction of cattle grids.	All Local Transport Authorities
Taxis	Consultation on whether to make all Local Transport Authorities (including Strategic Authorities) responsible for taxi and private hire vehicle licensing	Dependant on outcome of consultation



Funding flexibility and certainty

The most significant development in transport devolution has focused on longer term certainty and flexibility through devolved and consolidated funding arrangements. The promise of long-term flexible funding has been explored, committed to or attempted since 2012 in various forms and is amongst the key incentives offered by governments through the individually negotiated place-based deals.

Before 2012, the practice of accessing funds for transport schemes by local authorities would almost exclusively focus on competitively bidding into centralised pots of money held by the Department for Transport (DfT). Following the assessment of a bid according to centrally determined rules and criteria, the DfT would decide the appropriate levels of funding to be awarded.²⁵ Reliance on competition funding has been proven to be costly, inefficient and counterproductive, impacting on local authorities' ability to deliver value for money.²⁶

Evolution of funding devolution

Following the 2011 Localism Act and emerging government policy direction on enabling economic growth through greater devolution of powers and funds, 2012 saw the creation of Local Transport Bodies (LTBs) based on similar boundaries to those of Local Enterprise Partnerships (LEPs). The membership of these new transport bodies included representatives of the LEP and local transport authorities.

It was through these new bodies and the emerging City Deals that DfT set out its intentions for the devolution of funding for local major transport schemes. Each LTB had to submit a prioritised list of their first transport projects to the Department, following which 38 LTBs outside of London were allocated a multi-year share of DfT local transport capital budget along with the power to decide how to spend it, subject to centrally determined guidance.²⁷ These funds were to support local economic growth and mostly came from the Local Growth Fund announced by the Coalition government in 2013.

It should be noted, however, that these funds accounted for a fairly limited amount of spending across transport authorities, given DfT's contribution to local transport budgets was limited compared to those of the then named Department for Communities and Local Government.²⁸ Furthermore, the LTB funding only accounted for capital expenditure of a limited amount of projects and the overall difficult financial outlook and austerity measures for unprotected departments saw significant overall funding reductions for local transport.

Transforming Cities Fund

A step towards greater financial devolution came in the form of the Transforming Cities Fund (TCF). The fund was launched in the 2017 Budget, following an expansion of MCAs across England. TCF aimed to distribute £2.45 billion in capital grants for local transport capital projects. Funding was allocated to 18 local areas, six of these local areas were MCAs that were awarded £1.08 billion funding on a per capita formula, whilst other local areas saw funding distributed on a competitive basis. Individual awards to the MCAs ranged from £75.5 million to £321.5 million.²⁹

The TCF has been used to enable the delivery of a range of transport schemes across city regions. For example:

- In Greater Manchester, developing and delivering at least 120km of safe segregated walking and cycling routes, and funding additional 27 trams to increase capacity and improve resilience.
- In Liverpool City Region, supporting 538 jobs, the building of 4,075 houses, delivering improved services along 120 kilometres of rail, and providing bus improvements across 66 junctions. TCF was used to also partly fund a brand-new fleet of Merseyrail trains. TCF funded a battery trial to test the new trains, invested in fibre along the track and in the purchase of new trains as part of the Headbolt Lane Project, supporting the development of new technology in the UK.

City Region Sustainable Transport Settlements

The successor to TCF was announced in 2020, when the final year of TCF payments for MCAs were consolidated within new City Region Sustainable Transport Settlements (CRSTS) – five-year, devolved capital and revenue allocations to most MCAs (apart from York & North Yorkshire and Cambridgeshire & Peterborough).

This five-year settlement brings together major capital projects funds, alongside annual Highways Maintenance, Integrated Transport Block and Potholes funding. The fund does notably exclude bus revenue, rail, active travel and funding streams allocated to local authorities.

The five-year funding timescale has enabled MCAs to approach transport project delivery strategically and do more forward-planning, with a longer timeframe reducing the uncertainty of changes in funding year-on-year. The long-term funding certainty enabled through CRSTS has been a catalyst for transformational transport projects. The scale of further opportunity of CRSTS to support economic growth is significant. Our members have ambitious plans to transform their networks through infrastructure investment afforded by CRSTS, driving growth, supporting net zero ambitions and creating great places for people to live, work and invest in.

CRSTS benefits

In the West Midlands, early analysis in the development of the CRSTS programme suggests that the investment proposed could deliver an 11-25% improvement in residents' access to employment by public transport over the next 15 years.

The CRSTS pipeline has also been crucial in the development of Greater Manchester's Bee Network and, in Liverpool City Region, the delivery of a programme of enhanced bus infrastructure, including bus priority schemes as well as match funding towards zero emission buses.

The extensive business and delivery planning with the DfT has, however, presented challenges, including the requirement to plan in detail for the whole five-year period at the allocation stage and limited ability to address the impact of recent inflationary pressures.³⁰ The fixed nature of the programme and significantly increasing costs associated with planned scheme pipeline have put budgets under pressure.

Integrated Settlements

A further significant step in the devolution of funds was announced through the negotiation of the 'Trailblazer' devolution deals for Greater Manchester and West Midlands in 2023, through the promise of a single Integrated Settlement. The 2024 Autumn Budget and the new English Devolution White Paper confirmed that integrated settlements for the two MCAs will be introduced in 2025/26 (WMCA is set to have CRSTS included in their settlement from 2026/27). The North East, South Yorkshire, West Yorkshire and Liverpool City Region Combined Authorities will be eligible to receive integrated settlements from 2026-27. For Established Mayoral Strategic Authorities, the Integrated Settlement will include local transport funding streams, including CRSTS funding for eligible authorities from the start of CRSTS 2 in 2027/28.

Integrated Settlements will consolidate budgets across housing, regeneration, local growth, local transport, skills, retrofit, and employment support into a "single flexible pot of funding with a single outcomes framework".³¹ The scope of Integrated Settlements will be confirmed at each Spending Review on the basis of functional responsibilities by a formulaic process. This approach will enable Strategic Authorities to move funding between policy areas, have streamlined monitoring and accountability frameworks and long-term certainty.³² The outcomes framework and approach to recognising the value of transport spending will be crucial in the success and effectiveness of the Integrated Settlement approach.

The White Paper also confirmed the government's intention to work with Transport for London to develop a plan for achieving long-term financial sustainability from 2026/27 onwards as part of the Spending Review in Spring 2025.



TRANSPORT DEVOLUTION IS DELIVERING

Since its devolution arrangements were put in place in 1999, coupled with its exclusion from, for example, bus deregulation, London has demonstrated the real benefits of integrating transport provision. It also serves as a good example of the impact of joining up strategies for transport, land-use planning and economic development, allowing for place-based strategic planning. It is clear that the success of London's approach to transport management has influenced much of the discourse and approach to transport devolution outside of the capital city.

The opening of the Elizabeth line, the extension of the Northern line to Battersea and the regeneration driven by the London Overground network have proved that major projects unlock thousands of new homes and jobs – not just in London, but across the country. Independent research has shown the direct positive economic impact that investment in London's public transport system has across the country. TfL's investment in the UK supply chain in 2022/23 was worth £5.9 billion in Gross Value Added to the UK economy, supporting more than 100,000 high quality jobs, from Falkirk to Farnborough.

Whilst it is too early in the journey of English Devolution outside of London to quantify its long-term impact, city regions across the country are delivering transformative projects and initiatives, enabled by devolved powers, responsibilities and funds, along with the associated flexibility, capacity and long term strategic planning and leadership.





Transport for Greater Manchester

- The transformational Bee Network is Greater Manchester's vision to deliver a joined-up London-style transport system through lower fares, integrated and simplified ticketing, expansion of active travel, bus and Metrolink tram routes, as well as ambitions to bring local rail under the Bee Network.

The Bee Network vision took a major step forward when Greater Manchester became the first authority in England to franchise its bus network through powers afforded to MCAs in the 2017 Bus Services Act.

The switch to a fully franchised network was completed in tranches, beginning in September 2023 and ending in January 2025, with the benefits of local control already apparent. In the first franchised area, patronage has increased, with passenger revenues exceeding targets, and overall punctuality has improved by 14 per cent compared to the same period in 2023.³³ That Mayor has also retained a local £2 fare cap, following the end of the national scheme, supporting affordable journeys.

- Greater Manchester's 64 mile Metrolink light rail network, the largest network of its kind in the UK, is owned by Transport for Greater Manchester and has seen multiple expansions over the last decade. The extensions have delivered significant improvements across the region. This includes higher economic output, employment, and productivity; improved health and wellbeing through better access to health and leisure services in the city centre; and improved public transport access to several sites or areas identified for redevelopment or regeneration. It is estimated that as a result of Metrolink, over 2.5 million car journeys per year have been taken off the road network, reducing traffic volumes on the main roads into Manchester, which run parallel with the line, by between 2-8 percent.³⁴



Liverpool City Region Combined Authority

- Liverpool City Region is the first (and so far, only) area in England outside London to take control of its local heavy rail operations, with devolution of both the power to award the concession and the associated funding in 2003. In the latest Rail User Survey by Transport Focus, Merseyrail had a passenger satisfaction rating of 91% (placing it in the top 4 in the country) and topped the table for satisfaction with punctuality and reliability; frequency; and level of crowding. It scored second only to London Overground (the other devolved rail network in England) for value for money. Devolution of funding has also facilitated the delivery of a new £500m fleet owned by Liverpool City Region Combined A and designed in close collaboration with the communities it serves. The state-of-the-art fleet is fully accessible and includes the first battery-powered fleet of trains in the UK.
- Bus franchising is set to be key to progress on integrating the local network with the region's new fleet of state-of-the-art publicly owned trains, as well as rolling out tap-and-go ticketing and daily fare caps. Long term devolved funds have been used to purchase over 100 zero emission buses which will form part of Liverpool's franchised fleet, with the first services set to start in 2026.



South Yorkshire Mayoral Combined Authority

- In a bid to create a fully integrated transport network, in 2024 South Yorkshire's Supertram came back under local control for the first time in 27 years, with South Yorkshire Mayoral Combined Authority (SYMCA) delivering significant investment in the network. In the first few months following this significant step, improvements have already been observed on the network, including a 4.5% increase in patronage (compared to the same time last year) and a fall in fare evasion.
- SYMCA is consulting on moving forward with bus reform, something that forms part of its ambitious plans for an integrated network alongside a major expansion of active travel networks. A final decision on whether to go ahead with bus franchising will be made in March 2025. South Yorkshire's active travel proposal aims to introduce 620 miles of accessible walking and cycling routes, 800 safe crossings and 200 square miles of low-traffic neighbourhoods in a bid to encourage communities to undertake journeys by walking, cycling or wheeling.



Nexus and North East Combined Authority

- Despite only being a few short months old, the North East is already feeling the benefits of the combined authority, with transport central to the mayoral agenda. The authority has committed £8.6m to the development of a business case into expanding the Metro to Washington, which is the first phase to reopening the Leamside Line. Using newly devolved powers, the region is working at pace to reform buses and fully integrate the network.
- The whole Tyne and Wear Metro fleet is being replaced with 46 new trains. Designed and built specially, the new trains will have much greater energy efficiency and modern carriage features and technology for passengers. Metro carries about 36 million passengers every year on the busiest and most frequent local rail network outside London. It is a fundamental part of the economic and social life of North East England - taking 15 million car journeys off the region's roads and helping towns and city centres to thrive.



East Midlands Combined County Authority:

- Although the Authority itself is newly formed, its constituent members have been actively delivering improvements to their transport networks, which will now be further boosted by the strategic vision, powers, oversight and funding provided by the CCA.
- Nottingham Express Transit Expansion Phase Two project extended Nottingham's tram network by adding two new lines, covering a total of 17.5 km. This expansion connected key areas, including Clifton and Chilwell, to the city centre, providing direct public transport links to major employment sites. The construction and operation of this project generated approximately £217 million in local economic activity, around 230 full-time jobs, boosted local and regional supply chains, enhanced enterprise zone connectivity and improved air quality, amongst other benefits.



Transport for West Midlands

- Early analysis in the development of the CRSTS programme suggests that the investment could deliver an 11-25% improvement in residents' access to employment by public transport over the next 15 years.
- The region is overseeing a major project to expand its tram system by approximately 34km. The £1.3 billion project will see up to 21 extra trams with a future network of over 80 tram stops, new control, communications and passenger information systems, as well as an upgraded depot, control room and maintenance facilities. The first phase of the extensions were completed in 2023 with the opening of the Wolverhampton Railway Station Extension. The expansion of the existing network will improve the region's transport links, making it easier for more people to get the tram, also supporting economic and social regeneration in the areas adjacent to the new tramway.



West Yorkshire Combined Authority

- West Yorkshire Combined Authority (WYCA), in collaboration with partner councils, is developing a Mass Transit system which will link communities across the region with a frequent, reliable service, integrated with cycling, walking, bus and rail. Its goal is to deliver a Mass Transit network which will eventually serve the whole of West Yorkshire. The first line (Phase 1) will link Leeds and Bradford, with construction expected to start in 2028. The region's Local Growth Plan is clear that Mass Transit is central to realising ambitions to grow the West Yorkshire economy. Inclusive growth will not be achieved at sufficient pace if people cannot easily reach education and training, childcare, jobs and culture.
- Alongside the programme for Mass Transit, to realise West Yorkshire's vision of a leading integrated transport network, there is a need to reverse the trend of long-term decline in bus use and make bus journeys faster, more reliable, affordable, greener, and better connected. To do this, WYCA is also moving towards having a fully franchised bus network by the middle of 2028. This will change the way in which buses are run to improve services, the passenger experience and provide the connectivity the region's economy needs to thrive.

THE NEXT CHAPTER IN TRANSPORT DEVOLUTION

Whilst significant progress has taken place across English city regions on devolution of transport powers and funds, the journey is by no means complete, something which is recognised by the government in its White Paper. There are transport modes that require further devolution of powers, alongside the need for certainty of long term funding across local government tiers, clarity over the interaction of various national and regional policy frameworks, and the key missing piece of the White Paper - strengthening of fiscal devolution.

Continue to develop the offer of new powers

The English devolution framework, and the additional powers set to be offered through the forthcoming English Devolution Bill, represent welcome progress along the pathway to greater devolution. However, the White Paper itself recognises that there is further work to do alongside transport authorities.

This includes:

- Developing a micromobility framework that would give city regions the necessary powers to regulate micromobility, as committed to in the White Paper. These new powers should be designed to give authorities the option of regulating the number of operators, the size of their fleets, their geographical coverage, the location of their parking, as well as to recover reasonable costs from operators who use their roads and infrastructure. Micromobility rental scheme operators should be required to share data with authorities to support transport planning.³⁵
- Strengthening existing powers on Private Hire Vehicles and Taxis licensing, including through introduction of minimum national licensing standards (setting consistent licensing conditions, vehicle and driver standards and measures for safeguarding vulnerable users). It is our members view that moving taxi and PHV licensing powers up away from local authorities, as is suggested in the White Paper, would not address licensing, quality and safeguarding concerns. These must be tackled at national level, with scope for local areas to go above and beyond the minimum standards, should they wish to do so in line with local priorities. We welcome the government's commitment in the White Paper to consult on this proposal.
- As highlighted in the White Paper, MCAs will play an integral role in the success of the government's rail reform ambitions. The forthcoming Railways Bill promises devolved leaders a statutory role in governing, managing, planning and developing the rail network. Such a role must encompass a range of options for local engagement, influence and control. There should be support to build up to full devolution of local rail networks where there is the ambition and capability to do so, and where this would deliver enhanced outcomes for users, communities and taxpayers. There are also customer and community benefits that could be unlocked by further devolving transport powers to the Mayor of London as rail contracts expire over the coming years.
- Going further on devolution of highway and associated powers and central oversight by expanding compulsory purchase order powers (CPO) for transport infrastructure, and removing the need for Secretary of State approval for Transport and Works Act Orders (TWAOs), combined with modernising the procedural requirements for implementing a TWAO. Make changes to regulations to enable zebra crossings at side road junctions to be implemented more quickly and easily.

- Supporting combined authorities in bringing together transport and housing planning, to encourage transit-oriented development and ensure transport strategies are represented in land use planning decisions to enable people to make more sustainable travel choices. We welcome the ambitions set out in the White Paper on strategic spatial planning and development management powers for Mayors.

Unlock local investment levers to support growth and financial sustainability

Britain is marked by internationally exceptional fiscal centralisation, across both taxation and spending, particularly when compared to other developed countries.³⁶ The UK has also been found to be an outlier in the degree of centralisation of transport spending.³⁷ Central government grants account for an average of 78% of the MCAs' total spending capacity, with the rest mostly made up by a transport levy paid by local authorities.³⁸

The majority of other large, advanced economies devolve more substantive transport responsibilities and funding to subnational governments, with, for example, German subnational governments accounting for more than 60% of economic affairs spending (mostly made up of transport funding), whilst devolved authorities in the UK are found to account for less than 20%.³⁹

Whilst the progress on providing funding certainty through multi-year funding settlements has brought about significant increases in capacity to do long term planning for local transport and infrastructure priorities, there is much more scope to enable greater local investment levers.

In order to support a longer term system of devolution and greater funding flexibility and independence, moving away from fare box revenue dependency, government must support the use and reform of local investment levers, including opportunities to raise local revenue.

The NIC recognise that the case for fiscal devolution is a strong one, as it would enable local regeneration, create stronger incentives to focus on economic growth, and increase local leader accountability to voters.⁴⁰

Through existing devolution arrangements there has been progress made on business rate retention and local approaches, such as Greater Manchester's "earn-back" funding mechanism that allows it to benefit from taxation on local developments, and London's innovative approach to infrastructure funding.

We also welcome the commitment set out in the White Paper to extend Mayoral Community Infrastructure Levy powers to all Mayors, a crucial power given the success of the Elizabeth Line funding approach.

Earn-back in Greater Manchester

Under the Earn Back funding arrangement, Greater Manchester is able to reinvest the growth obtained from previous investments in major infrastructure projects. If certain levels of economic growth are reached, Greater Manchester receives a larger proportion of resultant tax take generated from this growth than would otherwise be the case under business rates retention. The 'earned back' resources may be used for further investment, providing an additional incentive for GM to prioritise maximising GVA growth. This creates a genuinely revolving fund, which rewards GM for delivering growth.⁴¹



London's approach to funding transport infrastructure

Devolved financing has played a crucial role in London's transport infrastructure success. Out of the roughly £19 billion cost of the Elizabeth line, around 70% was funded by the capital itself.

Alongside voluntary contributions from landowners and borrowing based on future revenue, the GLA's Business Rate Supplement on firms raised more than £4 billion, and the Mayoral and borough Community Infrastructure Levies unlocked £2 billion.

Meanwhile, the Northern line extension to Battersea Power Station was partly funded using Tax Increment Financing (TIF), diverting future growth in business rates and future developer contributions to paying for infrastructure up-front.⁴²

There are various other local funding levers which ought to be explored, including but not limited to:

- Devolve decision-making on introduction of local fund-raising levers.
- Complete retention and control of business rates revenues and the multiplier (i.e. the tax rate).
- New land value capture mechanisms, focusing on city regions taking a more active role in the management and development of land and leading a land assembly process. This would require compulsory purchase powers to give local authorities the ability to assemble land and purchase it at an amount close to the 'existing use value' of the land.
- Mechanisms to allow MCAs and their constituent authorities to retain a share of the uplift in land value from transport investment schemes could, for example, come in the form of MCAs being able to retain all of the revenue gains from additional jobs created above the targets set out in their devolution deals with the government.⁴³
- Tax revenue devolution (also known as tax assignment), where a small share of tax revenue - for example income tax or a small share of revenue from National Insurance contributions (NICs) as this is the tax most closely linked to local employment - raised within a region is devolved, but rates and bands of the tax are controlled nationally.⁴⁴ Such an approach is taken in Germany, where localities receive shares of national income tax and VAT revenues but they do not have powers to raise an additional rate.⁴⁵

As part of the upcoming Spending Review, we urge the Government to commit to enabling further devolution by providing city regions with greater local investment levers.

Ensure future certainty of funding

Research has found that the potential benefits of devolution are unlikely to be realised if the local government units to which powers are devolved are not funded sufficiently to deliver what is asked of them.⁴⁶ Given significant overall levels of underinvestment in transport and local government over the last two decades, coupled with the impact of inflation and the Covid-19 pandemic, there are acute pressures on overall spending levels on local transport. Further devolution of powers must not create 'unfunded mandates' – additional responsibilities without sufficient resources to deliver, which are found to create lower regional growth.

Government has set out a timetable for accessing the long-promised single Integrated Settlements. The progress made is a welcome step towards long term clarity and certainty of funding. For transport funding, it is expected that CRSTS allocations amongst other modal specific funds will be included in the Integrated Settlements. It is crucial that the method used in the long-term allocation of funds through this devolved approach is fair, transparent and adequate to the needs and plans of the devolved areas.

The settlement must put in place a simplified and flexible approach that clearly recognises and reflects the importance of transport spending, its long-term nature and the requirement for sufficient capacity building.

We welcome the progress on Integrated Settlements, however, our members require clarity over available long-term funds and any previously announced allocations of funding boosts. Transport programme delivery requires long-term clarity over funding levels, therefore we urge the government to provide urgent certainty over long-term funding levels across transport modes.



Provide sustainable long-term funding to local authorities

We welcome the government's commitment to 'fix the foundations of local government by creating a fairer system'.⁴⁷ It is crucial that government provides a sustainable long-term solution to funding local councils. The current funding approach and levels have been found to be wholly inadequate and overly favouring competitive bidding.⁴⁸ This, alongside single year allocations and ongoing increases in inflationary and social care pressures, makes it impossible to plan for long-term priorities and investment.

Local Government Association analysis estimates that English councils face a £2.3 billion funding gap in 2025/26, rising to £3.9 billion in 2026/27. Financial challenges for local government are detrimental to all tiers of government.

A sustainable financial future for local government is key for the delivery of our members' ambitions.

Provide funding certainty for London

Although London is currently further along the devolution journey, its journey is by no means over. We would urge the government to go further to devolve the mechanisms enabling London to take accountability for delivering growth and enabling London to retain the proceeds of this growth to incentivise and encourage reinvestment in transport and infrastructure.

The commitment featured in the English Devolution White Paper to exploring how an Integrated Settlement could be applied to the Greater London Authority from 2026/27 is very welcome.

Over the past decade, government investment in London's transport network has been highly constrained and short-term. Without long-term certainty, it has been impossible to maintain and renew TfL's infrastructure as effectively and efficiently as envisaged, leading to higher costs, diminished value for money from investment and increasing impacts on reliability and performance. As well as significantly impacting day-to-day operations, failure to secure long-term funding would force TfL to consider options that would reduce investment flowing through its supply chain, impacting jobs and businesses across the UK.

London's annual net contribution to the national exchequer is at a record £43.6bn. Simply put, supporting growth in London will be critical to delivering the national growth mission. And ensuring TfL is properly funded will be critical to protecting and supporting London's productivity and growth. TfL's investment in the UK supply chain in 2022/23 was worth £5.9 billion in Gross Value Added to the UK economy, supporting more than 100,000 high quality jobs in engineering, manufacturing and technology.

The recognition of the positive impact of long-term funding deals, such as CRSTS, should also see TfL receive similar certainty. TfL do not have access to longer-term funding settlements and the various bus funding pots available elsewhere in the country. London, in common with other urban areas, will be key to achieving the Government's missions.

London should also have access to transport funding pots that are available to all other areas of the country. This includes, for example, the active travel funding announced in the Autumn Budget, which could help to improve safety and promote mode shift in the capital, also supporting London's boroughs to be able to deliver their own local objectives and plans. London is also currently limited in its access to much needed funding for roads maintenance and renewals schemes, and would benefit from having access to funding to maintain key parts of the road network rather than having to bid through lengthy and bureaucratic processes such as the Major Roads Network funding programme.

Funding certainty for Transport for London is needed to enable it to properly maintain and renew transport assets and to honour existing contracts to deliver upgrades to the network.

Deliver national policy integration

We believe that clear, ambitious and cross-modal strategic transport objectives are crucial in delivering transport solutions which connect communities, unlock economic, health, societal benefits and deliver on environmental ambitions. Mode or issue specific strategies, whilst offering laudable and positive ambitions, are at risk of a lack of joined-up thinking, which would support transport authorities and stakeholders in delivering on wider shared national and local objectives. Therefore, we fully support the vision and ambitions recently outlined for a new Integrated National Transport Strategy.⁴⁹

Further strategies set to consider the role of transport and devolved authorities include the Industrial Strategy, Local Growth Plans, refreshed guidance for Local Transport Plans, and a new partnership framework as part of rail devolution. These will all concern crucial parts of national, regional and local transport policy.

We would urge the government to ensure that rather than becoming burdensome and uncoordinated paper exercises for LTAs, the delivery, timing, interdependencies and goals of these strategies are considered holistically.

Provision of affordable, integrated and sustainable transport based on ambitious vision and strong principles should be the golden thread running through national, regional and local policy, but it ought to be designed, agreed, and applied consistently and in the most appropriate governance levels to capture the true scale of the benefits.

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