

The background of the slide features a large, faint, light blue watermark of the Seal of the Scottish Executive. The seal consists of a shield divided into four quarters. The top-left quarter shows a saltire (X-shaped cross) on a field of lozenges. The top-right quarter shows a stag's head facing left. The bottom-left quarter shows a sailing ship on wavy lines representing water. The bottom-right quarter shows a thistle. Above the shield is a crown with four thistles on its points. A ribbon scrolls across the bottom of the shield with the motto 'AN FUR A' (Ane for A').

# **AGENDA ITEM**

**7**

**SEStran Consultation on Proposal to  
move to a Model 3 Regional Transport  
Partnership**

Falkirk Council

**Title:** SEStran – Consultation on Proposal to Move to a Model 3 Regional Transport Partnership

**Meeting:** Executive

**Date:** 10 January 2017

**Submitted By:** Director of Development Services

**1. Purpose of Report**

- 1.1 The purpose of this report is to set out a response to a consultation by SEStran on SEStran moving from a Model 1 Regional Transport Partnership to a Model 3 Regional Transport Partnership.

**2. Recommendation**

- 2.1 **The Executive is asked to inform SEStran that the case for a Model 3 Regional Transport Partnership has not been made and therefore Falkirk Council does not support the proposal.**

**3. Background**

- 3.1 SEStran is a Regional Transport Partnership (RTP) created in 2005 under the Transport (Scotland) Act 2005. On becoming a statutory body, SEStran was tasked with producing a Regional Transport Strategy for the South East of Scotland. It is made up of eight member Councils (Clackmannanshire, Falkirk, Fife, Edinburgh, East Lothian, Midlothian, West Lothian and Scottish Borders). Councillors Bird and Coleman are the appointed representatives of this Council on the SEStran Partnership Board.
- 3.2 Currently SEStran is a Model 1 RTP. Every RTP has, as its base function, the requirement to produce and monitor a Regional Transport Strategy which is supported by Delivery Plans where the RTP sets out when and how projects and strategy will be delivered. At present local authorities hold a wide range of transport powers and duties and transferring some of these to the regional level is an option which requires the RTP to move to a Model 2 or 3.
- 3.3 Model 3 is an enhanced method of partnership such as Strathclyde Partnership for Transport (SPfT). Among other functions they procure local bus services.
- 3.4 In June 2016, the SEStran Board discussed the possibility of moving from a Model 1 to a Model 3 RTP and becoming a Passenger Transport Authority (PTA). This was in the context of the Scottish Government's Planning Review (among other things, it should be noted that six of the eight SEStran Councils i.e. all except Clackmannanshire and Falkirk have a two tier Development Plan system with a regional Strategic Development Plan in addition to each Council's Local Development Plan) and the emerging Programme for Government. It has also been stated that the proposals for the Edinburgh Region City Deal might benefit from such a transition in terms of impact on the labour market, long term enterprise trends, accessibility to more and better

quality of jobs and ensuring that all have the opportunity to contribute to all sectors of the economy.

- 3.5 However, the potential public transport and transport elements of the City Deal proposals are largely of a capital spend nature such as new railway infrastructure or bus corridor improvements. These would not necessarily be best procured by a Model 3 partnership. They could be delivered by a special purpose vehicle or by a national transport agency or by one of the larger Councils in direct partnership with one or two others as appropriate. The majority of PTAs or Model 3 partnerships which have been analysed by SEStran are for much larger populations than SEStran's 1.5 million people.
- 3.6 Depending on the functions transferred to them from Councils (or operated concurrently) PTAs could:
- plan and fund socially necessary bus routes;
  - work in partnership with private operators to improve bus services through bus priority schemes or quality partnerships;
  - plan and implement investment in local public transport networks including new bus, rail or active travel stations/hubs;
  - provide comprehensive public transport information services or regional integrated ticketing schemes; and
  - manage and maintain bus interchanges, bus stops and shelters.
- 3.7 For Falkirk Council this might mean that the bus services budget (currently £1.2m) would transfer to SEStran (probably via a levy) and that SEStran would control and tender the Falkirk area local bus services along with those of the other seven SEStran member Councils. It is unlikely that there would be economies of scale as it is not envisaged that another major bus operator would move into the area of First Group and the tendering work is about 20% of an officer's time with another officer assisting with timetable cases etc.
- 3.8 Essentially Falkirk Council would lose its ability to decide how to direct its funding to these services. Annex 2 to the letter received on 9 December from the Chair of SEStran, under the heading *Potential costs of moving to a Model 3 RTP*, states "A very robust mechanism would need to be developed to ensure that these resources were distributed across the region in a way that would maximise their impact on a set of pre-agreed outcomes." A transfer would also lose local knowledge in terms of designing bus routes and co-ordinating them with school transport (or, if school transport were also to be transferred, the co-ordination with social work transport).
- 3.9 The same Annex asserts that one likely benefit could be "improved community connectivity, due to higher levels of subsidised socially necessary bus services and demand responsive transport". The Annex confirms that Model 3 RTPs normally receive funding from levies on their constituent authorities but does not state how the "higher levels" of service would be achieved. At a recent meeting the Director of SEStran confirmed that the proposed City Deal would not produce additional revenue funding. In the absence of that and any significant savings resulting from economies of scale (staff savings, if any, are likely to be small and the procurement of larger bus service contracts might effectively exclude smaller, cheaper, operators) there is a danger that any higher level of service could only be achieved by SEStran increasing its levy on constituent Councils beyond the funding level at the time of transfer (£1.2m from this Council).

- 3.10 From the Census (2011), the number of people commuting from Falkirk to Stirling (6,187) is comparable to those commuting to Edinburgh (6,184) with another 3,124 commuting to Glasgow. It is possible that an RTP based in Edinburgh would concentrate on travel to Edinburgh rather than the other destinations to which Falkirk residents travel.

#### **4. Considerations**

- 4.1 The Board of SEStran considered a report by Professor Tom Rye of Napier University into the potential for SEStran to move to a Model 3 partnership on 2 December 2016. Prof Rye's report and a covering report to the Board is available [here](#): The Board decided to consult its constituent Councils on the possibility.
- 4.2 In relation to Clackmannanshire, Falkirk and Stirling Councils (Stirling is not in SEStran), Professor Rye's report states that "The principal benefit to these authorities . . . would be to be part of a larger organisation . . . with the organisational knowledge, capacity, skills and resilience that this could bring". In fact, Falkirk Council has a number of public transport and transport planning professionals. Two of those involved in public transport procurement have a bus industry background but so do two officers involved in school bus and social work transport procurement, and there are others with the relevant skills and experience. There is therefore adequate resilience in the service.
- 4.3 Prof Rye further states that a Model 3 partnership "could potentially ease the challenges of co-ordinating transport across unitary authority boundaries . . .". In fact, there are only seven cross boundary contracts which Falkirk Council either procures or to which it contributes financially (in addition the Council procures one on an agency basis for NHS Forth Valley (NHSFV)); on average they each take about two days a year to procure or monitor; and three of the contracts (including the one for NHSFV) are services going to the North Lanarkshire and Stirling Council areas, not into other SEStran Council areas.
- 4.4 It is not surprising that Prof Rye states in summary that "there is limited evidence that Model 3 RTPs and CAs [Combined Authorities] necessarily provide much better performance against outcomes than do their unitary counterparts. They are not necessarily more efficient in what is delivered per £ spent or person employed".
- 4.5 If the six Councils involved with the potential Edinburgh City Deal were to favour Model 3 RTP status, one option which appears to be available to Ministers would be to transfer to SEStran the desired functions but only for those six Council areas, thus leaving Falkirk Council (and potentially Clackmannanshire) as a Model 1 member.

#### **5. Consultation**

- 5.1 In terms of the Transport (Scotland) Act 2005 (section 10(6)) SEStran must consult its constituent Councils on the content of a proposed s.10 order before applying to the Ministers for Model 3 status.

## **6. Implications Financial**

- 6.1 It is anticipated that Falkirk Council would have to contribute at least its current Bus Services budget (£1.2m pa) by means of a levy from SEStran.

### **Resources**

- 6.2 It is unlikely that there would be staff savings as the tendering work is 0.2 of a full time post. A further member of staff carries out timetable and related work. If staff were transferred TUPE would apply.

### **Legal**

- 6.3 Moving from a Model 1 to a Model 3 Transport Partnership requires consultation with all the constituent Councils and must be agreed by the Scottish Ministers.

### **Risk**

- 6.4 A major risk is that once this Council's bus contracts budget of £1.2m had effectively been transferred to SEStran via a levy, it might be reallocated within SEStran to achieve some regional aim such as congestion relief in the greater Edinburgh area. A further risk is that the levy could be increased in future. There are also risks that local transport knowledge is lost; that lines of communication are lengthened e.g. between schools, transport and public transport; and that the transport operations suffer from diseconomies of scale.

### **Equalities**

- 6.5 SEStran would need to carry out an equality impact assessment at the appropriate stage.

### **Sustainability/Environmental Impact**

- 6.6 A sustainability assessment was not required from Falkirk Council.

## **7. Conclusions**

- 7.1 The SEStran report does not satisfactorily identify any benefits to the Falkirk Council area from the proposed centralisation of functions. Edinburgh is not the main destination for people commuting from Falkirk. It is unlikely that there would be economies of scale for the functions based on revenue funding and it is almost certain that there would be diseconomies of scale in regard to loss of local knowledge and distance from bus service issues.
- 7.2 There has been no offer of additional revenue funding. The bus service budget of £1.2m would probably be transferred to SEStran (via a levy) to assist in tendering services across the SEStran area, with the focus possibly being on Edinburgh. There may be more appropriate mechanisms for delivering City Deal capital projects than SEStran.

- 7.3 In the absence of a convincing case for centralising the Council's current public transport functions, the principle of subsidiarity should apply and the functions should be retained by the Council.

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### **Appendices**

None.

### **List of Background Papers:**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

- Report to SEStran Partnership Board meeting of 2 December 2016
- Letter from Councillor Lesley Hinds, Chair of SEStran, to the Leader of Falkirk Council received on 9 December 2016