



Built Environment Committee

Corrected oral evidence: Public transport in towns and cities

Tuesday 26 April 2022

9.55 am

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Members present: Baroness Neville-Rolfe (The Chair); Baroness Bakewell; Lord Berkeley; Lord Carrington of Fulham; Lord Grocott; Lord Haselhurst; The Earl of Lytton; Lord Moylan; Lord Stunell; Baroness Thornhill.

Evidence Session No. 9

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Questions 105 - 113

Witnesses

I: Jonathan Bray, Director, Urban Transport Group; Martin Tugwell, Chief Executive, Transport for the North.

Examination of witnesses

Jonathan Bray and Martin Tugwell.

Q105 **The Chair:** Welcome to the House of Lords Built Environment Committee's public evidence session on our inquiry into public transport in towns and cities.

The inquiry is considering the impact of technological and digital developments on traffic behaviours, future trends in transport innovation, and how public policy can best be shaped to meet these and other trends. We are very interested in connectivity across modes and better integration through data and innovation. We will be making recommendations to the Government later in the year.

In this session, we are interested in policy co-ordination and local government. We are delighted that our witnesses today are Jonathan Bray, director, Urban Transport Group, and Martin Tugwell, chief executive of Transport for the North.

The session is being broadcast on parliamentlive.tv. A full transcript is being taken and will be made available to our witnesses for any corrections after the session. Perhaps Members and witnesses could keep the questions and responses brief, as we want to cover a lot this morning. Thank you very much.

I am going to kick off, if I may, with a general question. Jonathan, perhaps you would like to go first. What are the current levels of public transport usage in the area that you are dealing with, and how is that shared between the different modes? What is the car usage?

Jonathan Bray: As background, I am mainly speaking about the metropolitan areas—Greater Manchester, West Yorkshire, South Yorkshire, Merseyside, West Midlands, and Tyne and Wear. They are the main members that we bring together.

Pre-pandemic, we saw strong growth in rail, which has a USP of getting large numbers of people into city centres rapidly. We saw an ongoing decline in bus. Overall, the car was king—it was the largest share of trips—but if you looked at some of the largest cities you saw some strong growth in public transport. If you looked at somewhere like Birmingham, there was a 35% increase in rail commuting trips in the six years to 2019, and public transport's mode share into Birmingham city centre was 64%. So, in some of those larger city centres, you saw some strong performance by public transport.

During the pandemic, public transport reverted to its core market, which is those people who do not have access to a car but need public transport to get around. That is why bus performed strongly and rail did not.

Since the pandemic, right now we see bus use plateauing in the low 80s. We have seen quite a strong comeback in rail recently. In Greater Manchester and Merseyside, we have seen rail patronage recently of 80%, and it can reach the high 70s nationally.

Active travel has probably been the biggest winner, particularly cycling. Figures for cycling levels are all higher than they were pre-pandemic. In some weeks recently, it has been 145% and 177% nationally higher than it was before.

If we look to the future, it is too early to say in some ways exactly what will happen, but most people would cohere around the idea that commuting will not come back to the level it was pre-pandemic. We could see a hit on commuter traffic. Leisure travel has performed well throughout most of the pandemic when people could move around, and there is further potential to build up leisure travel in some cases. Leisure travel on some of our networks, particularly the Tyne and Wear metro at weekends, has been higher than it was pre-pandemic, so there is potential there.

A couple of months ago, we did our estimates and we reckoned that public transport could get back to about 85% of where it was pre-pandemic in the summer, but we will have to see. We also have to factor in the effect of rising energy prices on discretionary travel. With people's household income squeezed, they tend to make fewer discretionary trips, which hits leisure travel. Will we see a shift from diesel and petrol cars to electric cars and to public transport? These factors have yet to play themselves out. That is something else to watch for in the summer.

The Chair: I mentioned data at the beginning. Do you have quite good data on the shifts in this? We are interested in what happened before the pandemic, what the effect of the pandemic was, and what is happening now. Do you do household surveys or some such thing? How do you know what is going on and what is happening? Is that something that we could have access to?

Jonathan Bray: As a network, we do a weekly patronage count across our members, which we would be very happy to share with you. The DfT produces national data. Each of our members does a lot in tracking public opinion and does its own projections and surveys. There is a mass of data out there and you can identify some trends, but there is still quite a lot to work its way through. The big picture is that we are not expecting, without some significant policy interventions, public transport patronage to return to pre-pandemic levels any time soon.

The Chair: You mentioned the move to cycling, e-scooters and so on. Where is that coming from? Is it from cars or public transport?

Jonathan Bray: I do not think we have an assessment overall of that. We have seen very strong leisure performance with cycling. It may explain some of the very recent high figures we have had with holidays and what have you. We have seen some shift. The other increase in journeys has been walking. There have been a lot more walking trips during the pandemic, as you might expect. We have trials of e-scooters in various parts. They are still working their way through. Some of our members are reporting some shift from car use to e-scooters, but we are awaiting the full results of those trials.

The Chair: We will be very interested to see how that is going and what is sustained. Thank you. Lord Moylan has a supplementary.

Lord Moylan: The aggregate figures you have given for the members of the Urban Transport Group include London.

Jonathan Bray: The figures I gave you were mostly without London because London—

Lord Moylan: Thank you. London is a member of your group.

Jonathan Bray: It is, yes.

Lord Moylan: I wanted to be clear that the figures did not include London.

Jonathan Bray: No.

Lord Moylan: Thank you very much.

Lord Grocott: Can I just get clarification on the variance at different times of the year of some of these? You talk about cycling, for example, showing a considerable increase. Am I right in assuming that there is a huge difference between cycling in May and December as a means of getting to work or for any other reason? It is not as predictable as other forms of transport.

Jonathan Bray: No. The same, in fact, happens with public transport; when the weather is better, we get much higher use. All these figures can vary depending on factors such as weather and holidays.

Lord Carrington of Fulham: You said that cycling has gone up 170%. From what base?

Jonathan Bray: That is compared with pre-pandemic.

Lord Carrington of Fulham: I realise that. If it had been one person cycling, that would now be three people cycling. People quote percentages all the time, but if you only had a very small number of people cycling pre-pandemic, a big increase is still a very small number of people cycling.

Jonathan Bray: I agree. The background levels of cycle use in this country are very low, but we are seeing big take-ups in particular journeys on busier main roads where the infrastructure has been put in. You can see that in London, but you can see that in other cities too. When you start to invest, you begin to get that.

Lord Carrington of Fulham: Anecdotally, you do not see it in London at all. If you look at the cycle lanes in London, they are empty. They really are, seriously.

The Chair: We are interested in intermodal trends—whether people are moving on to cycles and what the base period is. You kindly said you

would share some data and have a look at cycling.

Jonathan Bray: Yes. We are starting from a low base in this country. There is no doubt about that.

The Chair: To some extent, it follows the cycle lanes that you put in, but we are interested in the cost-benefit of those.

Martin Tugwell: I will build a little on what Jonathan has said. Transport for the North covers the entire north from the Scottish Borders down to the Midlands. If you look at the overall picture for the region, throughout the pandemic there has been a very consistent message in that the return and the bounceback on public transport, particularly rail, has been much faster and much higher than elsewhere in the country.

If you look at the figures reported by the two principal train operators—and these are figures from March—Northern reported approximately 90% of pre-Covid levels in March, and TPE was just under 80%. Throughout the pandemic, it has been very consistent that the bounceback has been faster and higher. Indeed, in some areas—and Jonathan has touched on this—at weekends we have seen levels of traffic beyond what they were pre-pandemic.

The other thing that we need to bear in mind, particularly when we talk about the rail side of life, is the congestion on the existing railway and the consequences that has for freight movements, because we have to accommodate freight as well as passengers. It is very noticeable that, given the global gateways we have in the north on the ports of the Humber, on the west coast around Liverpool and so on, freight flows are in excess of 100% of what they were pre-pandemic. That shows that when you are looking at policy on public transport and transport in the round, increasingly you have to differentiate between the economies in different parts of the country. The bounceback in the north reflects the fact that for many people, whether it is buses or rail, public transport is an essential part of the need to get to work opportunities or a part of people's day-to-day lives. Tying in what we do around policy to reflect what we are trying to achieve with an objective such as the economy, environment and social will be increasingly important as we move forward.

The Chair: What about the basic facts in the north? Can you tell us a little about transport usage?

Martin Tugwell: Generally speaking, we have seen car traffic return to close to pre-pandemic levels. The interesting thing that requires more research—and I do not think we have done enough of it either as TfN or as a profession—is the nature of that traffic. It is very easy to count cars or vehicles on highways; you need to understand more about the changing nature in terms of whether that was the same trip that was made pre-pandemic. In some parts of the economy particularly, a shift to hybrid working will have changed the nature of trips during the course of the week. At the moment this is applying a judgment, but we need to

understand better as we move forward, and if we are going to plan for different outcomes, how the nature of travel has changed and, more importantly, how it might need to change in the future.

The Chair: Do you see that as an opportunity, therefore, to do something slightly different in the north? Is that what you are hinting at?

Martin Tugwell: Yes, particularly as we focus on what we need to achieve on the economy and the environment. If we look at the independent economic review, which underpins our strategic transport plan, we identified the potential for something like 850,000 more jobs over the next 20 to 25 years and a £100 billion increase in the economy.

We have also seen through the regional decarbonisation strategy, which we published last December—the first one published at a regional level—that there is a trajectory to get to nearly net zero by 2045. The pressure and the urgency is that, if you think about a carbon budget, we start to get very close to the limits by the early 2030s. So, in the next 10 years, we really have to make some shift if we are going to achieve the environmental objectives. I think you are right; we have to see this as an opportunity. We have to see the investment in the transport systems that are going to be sustainable for the long term as an opportunity for economic growth. We have things like the hydrogen hub in the north-east. We have hydrogen experiments on the west coast of the region. We need to use these as opportunities to develop decarbonised solutions for our transport system as we move forward.

The Chair: What about the passenger? Those are environmental objectives, which are important, but is there any opportunity for the passenger here, or do they have to stay at home or walk?

Martin Tugwell: This is where we come back to understanding that we have to get more focus on what the user wants to achieve and what their purpose of travel is. Traditionally, as a profession, transport has looked at the peak hours—morning peak and afternoon peak. What has become clear as a consequence of the pandemic is that we have to think about what travel needs are in the round because it is more than just the travel-to-work journey, and that provides us with an opportunity.

Q106 **Baroness Thornhill:** It is fascinating. Our second question is fundamentally about funding and the powers to deliver, but could I just tweak it slightly? It seems to me that we have learned through this inquiry that this is a very busy government agenda with lots of policies and reviews of policies, but also significant changes in governance at a strategic level. One only has to look at both your CVs to see the journey of the different things that you have been on and the things that you have done. At the heart of this, local government plays a key role.

How are these complexities of bodies and powers working out? How are you prioritising dealing with what seems to us to be sudden budget cuts, almost year on year, and the uncertainty of the bidding process in which local government plays a key role to fund your aspirations? Given the complexity of the bodies and the powers, are there any significant

changes that, in your view, need to happen to produce and enable better outcomes? Are we learning the lessons of the variety of powers across the country? In many ways, I agree that we should be trying different things—what works where? On funding and powers, I would like your thoughts, and perhaps Martin can go first.

Martin Tugwell: There is a lot in there in terms of the points being raised.

Baroness Thornhill: Sorry.

Martin Tugwell: There are a few key points for me. First, if we are going to plan effectively for the future, we need to have more clarity about the funding envelopes within which we are working. We need to recognise that there is a finite amount of funding available for the public sector to invest, so being able to target that in the most efficient and cost-effective way, and delivering the best outcomes, is increasingly important.

As a sub-national transport body—as a statutory body—we are charged with developing and maintaining the regional evidence base and preparing a strategic transport plan that is then used to guide the investment advice from the northern partners to government. We recognise that our role will be on the more strategic context. If I think about a scheme that will cross boundaries or a common issue to 20 authorities, dealing with it as one, a good example is the work we have done recently on electric vehicle charging infrastructure. We work with our partners and the energy supply systems. We have really comprehensive mapping at a regional level of both what exists and what is necessary to provide confidence. That is an example of how you can add value by working at a regional level because you do that once.

There is also the point about having a look at investment across the modes—between road, rail and local. Our role as a strategic body is to set the direction. As to implementation, that is our relationship with our partners, whether they are metropolitan combined authorities or local transport authorities. We are very clear that we are there to provide the evidence on which they can make their decisions. Actually, delivery is at a place level; it is within a community. We are setting that strategic direction, and then it is delivered within the individual place. I think that works effectively.

For me, the thing that would make a difference would be being able to have a funding environment in which we are able to prioritise, recognising that, ultimately, it is for the Government of the day to take a decision about investment in the round across all of the country. Being able to provide the best possible evidence requires that financial envelope in which to be able to take responsible decisions.

I also believe that, if we have clarity from a public sector perspective, it will allow us to have a different conversation with the private sector about how we might use what is available from the public sector to leverage in investment from the private sector.

Baroness Thornhill: Could you expand on that a little? I am interested in that last statement.

Martin Tugwell: One reason for investing in strategic infrastructure is the catalytic effect it can have on encouraging and supporting investment by the private sector. The examples people often refer to are places like King's Cross. Look at what is happening around Curzon Street in Birmingham with the commitment to HS2 and think about the opportunities we have around the centre of Manchester and the centre of Leeds where investment in infrastructure can provide the catalyst for investment by the private sector. There is a need for us to look at how we can capture some of that investment or the value that comes from the transport investment to help deliver the overall schemes.

Baroness Thornhill: Thank you for that clarity. Jonathan.

Jonathan Bray: One thing that we have consistently asked for is five-year funding deals capital, and ideally revenue, for local transport in the same way that there has been for national road and national rail. In some ways, the recent city region sustainable transport settlements for the mayoral combined authorities went some way down that path. They combined some existing funding streams into a single package over a number of years. That is glass half full. Glass half empty, there was a heck of a lot of strings attached: "Let's have another look at that and maybe we'll only give you a year", and what have you. It is not quite as clear-cut as we were hoping.

At the same time, there is still a lot of competition funding out there that our members have to bid in for. We have had that recently on green buses, bus service improvement plans and active travel. It is not an efficient way to plan transport because you get feast and famine as transport authorities have to put resources into competitions that could pop up at any time. You do not know which ones you are going to win and which ones you are going to lose. You might have a glut of work or you might not have any. It may be that you suddenly get a lot of money for one thing but, actually, it would be better to do something else at the same time. If you are going to sort out streets, you would probably be better off trying to do active travel and bus together rather than doing one in one year and one the next.

It can be expensive for the taxpayer. In terms of the transforming cities fund, which was an earlier large capital fund, bids were costing £1 million. If you have longer-term security, you can plan ahead better for what is a very difficult task. Decarbonisation alone is an enormous task. You have all sorts of other issues such as all the new forms of technology coming in. Part of that is about building up local government resource because it just does not have the capacity at the moment. One of our members, covering a large population, had only one person working part-time on new mobility issues. It is the kind of innovation that you probably want to talk about later. If you do not have the resources, it is difficult to grapple with these.

As to powers, it has settled down a bit in the city regions. With the exception of the north-east, which is probably on its way, they all have a mayoral combined authority now, and that enables the connections between transport, land-use planning and economic development to be made, which is exactly what you want to do at city region level.

As to the powers on transport in particular, I would highlight a couple of things. The first is streamlining the legislation on buses. Some of our members already use that legislation, but it is very slow and cumbersome, particularly in Greater Manchester and Merseytravel, to franchise networks of buses to provide the same “one network, one brand, one ticket” that London has historically enjoyed. The legislation needs streamlining. A transport Bill is coming up, and that will be the opportunity to do that, although we have not seen much enthusiasm from DfT so far on that. The local heavy-rail network needs to be integrated with the rest of local public transport, and we would like to see rail devolution coming through during the rail reform process that is under way.

Baroness Thornhill: Thank you. There are some very key messages there.

Q107 **Lord Berkeley:** Jonathan, going back to the first question from our Chair on data, I recall reading a couple of months ago some very interesting bits of data on the share of use of cars, trains, pedestrians, scooters and cycles in the different city regions, nicely published in colour charts that people like us can understand. Is that something you will be able to share with the committee? It is very important that we get some idea of the volumes of people who use these things as a basis for some of these policy issues. If Martin has some of those too, that would be useful. It is very important to have that data because it is very easy to concentrate on things that we get particularly excited about such as trains, buses or scooters, without looking at the current trends.

You are talking about changes in demand for all the different types of service that make up what you might call public transport in cities. It is not quite clear to me whether the changes in usage that you quoted post pandemic are changes from one mode to another or because some people are not using it at all—in other words, they are staying at home. It is equally important to do that.

What is the priority for improving public transport, walking and cycling and everything else in these cities? How can you link that with the way the Government control bus investment at the moment? They are not doing it or doing very little, and making it highly confusing.

There is also the way they are still making the railways. The Treasury decides if the railing on a particular station is painted or not. How can you get a better structure that would give you the ability to take a new structure forward and, hopefully, save some money? Jonathan, you can start.

Jonathan Bray: It is quite a broad question. I can attack it in a number of ways. Some of this needs to be determined locally because different circumstances exist locally, and national government should be looking after national highways and intercity, and safeguarding the interests of freight overall. There are different circumstances in different cities. Tyne and Wear has a metro already, and that is a good basis for building back and integrating a public transport system. Indeed, the Tyne and Wear Metro, when it originally opened, was designed to be fully integrated with buses, and that broke down over time due to deregulation and privatisation. Other cities such as Leeds do not have mass transit.

Another way of looking at it is the relative balance of cost and ease of driving compared with the use of public transport. That has to play in, otherwise you end up subsidising public transport to ever larger amounts just to keep it in the game so that you do not see a decline or you slow the rate of decline. We see charging for vehicles under different schemes not becoming common but not as rare as it was. You have charging on air quality zones in Birmingham. London has been leading the way. There are other ways too—reallocation of road space and parking. Some of the tougher decisions you would have to make if you were serious about some of these wider aspirations are starting to come to the fore.

Particularly for bus, we need a longer-term revenue support package. The funding we have had during the pandemic has been very welcome and has kept networks going. We have had more capital and some revenue funding from bus service improvement plans and from the city region sustainable transport settlements. That will make a real difference to those areas that benefit, but not all areas will. You still need that background level of subsidy if you are going to achieve what the Government said they want to achieve in the bus strategy, which is more and better services.

Lord Berkeley: Are your members removing bus shelters as is happening in Plymouth? There are 211 bus shelters being removed in Plymouth, presumably because none of the elected members ever goes by bus.

Jonathan Bray: I was not aware of that.

Lord Berkeley: You might want to follow it up.

Jonathan Bray: I do not know, but I doubt that they are.

Lord Berkeley: Martin?

Martin Tugwell: I agree with and echo the point that Jonathan is making that, when we deliver investment in transport, it is actually around a place because people live in places, they work in a place and what have you. We need to start addressing the question as to why we are investing in transport. We need to almost take a step back. If we take the bus services, we can put a cost on providing them, we can take a value, and we can understand how much revenue they bring in, but do

we actually put a value around the fact that that a bus service might be getting a young adult to education? It will be providing access for significant parts of our population who do not have access to a car, and providing them with their means of connection.

If we think about the other factors influencing travel demand—an ever-growing and ageing population—there will be a point when those individuals will not be able to drive, but maintaining their independence maintains a quality of life. We know that improved quality of life reduces the demands on health and social care services. If you start seeing the investment in public transport—buses and rail—as being part of delivering your social, environmental and economic agenda, we need to develop an approach that allows us to value those benefits, and to allow for that to be taken into account when we look at the strict financial implications. It is trite to say that transport is a derived demand. We have to get back to understanding why people are looking to travel and how we can meet that need in the future.

The one thing I would take as an opportunity from the pandemic is that it reminded us that travel patterns can change very quickly. We often say it will take five, 10 or 15 years to achieve it. Actually, there is evidence from previous Governments' policies around planning that have fundamentally changed the way in which we use space in our urban areas, and that has an implication for travel. We have an opportunity here to think about where we need to get to in terms of the society, environment and the economy, and think about what transport we need for that, and then think about the powers that we need to deliver that system.

Lord Berkeley: Have you done any work on this that you could share with the committee?

Martin Tugwell: It is not something we have done any work on at the moment. We are about to embark on updating our strategic plan—the statutory document—and the inputs to that will include the independent economic review so that we have the economic perspective. As I said, we have published the decarbonisation strategy, which gives us a really good sense around the environment. It is a proxy. I know there are other aspects to the environment. We are currently finalising a piece of work around understanding how transport can act as a barrier to access to opportunities—the social side of it. It is a piece of work we will publish very shortly. We have the economic, environmental and societal input, which I want to bring together in updating the strategic transport plan, and make that transport plan user-centred, place-based and outcome-focused. Then we can use that as a framework to support our partners and as a framework to provide advice to the Government of the day.

The Chair: I am going to move on and ask Lord Moylan to come in. We will try to stick to the questions for a bit and not have too many interruptions so that we can make a bit more progress.

Q108 **Lord Moylan:** Actually, Lady Thornhill has asked a question so

comprehensively that I was going to follow Lord Berkeley off-piste and ask a rather different question. A lot of people, especially those living in the countryside, are dependent on cars, and many people buy cars. The cars they can afford are in the price bracket of £12,000 to £15,000 new, and cheaper if they buy second-hand; £12,000 to £15,000 will not buy you a battery for a car. You would be paying £19,000 to £20,000 just for the battery. From 2030, these people, effectively, will be priced out of having a motor car at all.

I know this is an urban transport inquiry, but just to change the focus for the moment to rural areas—because Transport for the North, as you say, covers a very large part of the country, including the countryside and not simply the urban—do you seriously think there is a possibility, once you have effectively taken cars away from people in rural areas and in suburbs, of providing a public transport solution that actually substitutes for the car, given the spread of the population and the relative lack of agglomeration compared to London, or are you just imagining that they are not going to travel?

Martin Tugwell: To be absolutely clear, the private car is an important part of the transport system and will remain an important part of the transport system. We need to have an approach to transport, both planning and its delivery, that takes account of that very fact. I would agree with you that for significant parts of the north the private car will remain a primary mode of transport. The implications and the cost of the implications of decarbonising on wider society are something that exercises us. That is why the piece of work around understanding how transport can act as a barrier for people and understanding the scale of it is really important.

You touch on a debate that government and certainly the profession is aware that we need to have, which is, quite simply, that an electrification of the road vehicle fleet has implications for fuel duty revenues; therefore, we need to have a conversation about how we deal with the consequences of that electrification. We know from the changes that we both touched on that the pattern of travel within the rail sector is changing, with greater growth in leisure traffic and less on the traditional five-day-a-week commute. We also know that there are still challenges regarding the business model for the bus side.

It seems to me that we need to have a conversation in the round about how we address the issue of paying for our investment and how we make sure that the approach we have in terms of a transport system meets the needs of all our communities, not just the urban communities. Jonathan's members are members of my board, and they quite often remind me that even the metropolitan combined areas have to think about the implications for their hinterlands and their rural communities within their own boundaries. So this is a really key issue, but it requires a conversation at a national level, involving input from regions and local levels.

Lord Moylan: You have not addressed my specific point, which is that

you are planning for an electrified world but that means there will be far fewer cars because an awful lot of people will not be able to afford to buy a car. How much is that reduction in demand—that suppression of demand—a deliberate and conscious factor in your planning for the future, or are you assuming that the level of car ownership will continue roughly where it is, even if usage falls because people might leave the car at home and take the bus or the train to get to work as there is better service on the train? I understand that. How much are you building in an assumption that car ownership levels will remain, or are you building in an assumption that far fewer people will have cars because they cannot afford them?

Martin Tugwell: It is not about car ownership; it will be about usage and the types of travel that we have. I am saying that we need to have an approach moving forward that allows all members of society, all residents, to have access to travel that allows them to reach opportunities. I do not have the answer to that at the moment, but we know it is something that we need to address as a profession. The approach we have had to date is not going to be appropriate moving forward for many of the reasons that you talked about; we need to factor in society and the cost of ownership. That is when new delivery models might be appropriate, but that is where I would defer to what Jonathan said earlier. The detail of how this applies needs to be very much left to the regions and the local authorities in those regions rather than us prescribing what we think the solution is.

Lord Moylan: I would have expected post-2030 demand for internal combustion engine vehicles to continue and people to keep them running on a second-hand basis, a bit like Cuba. People will have 20 year-old vehicles that they will try to keep running. You pay a lot more buck for an electric car and you get a great deal less in terms of range. Have you factored that into your planning and your air-quality issues?

Martin Tugwell: I come back to the point I made earlier. This is where we need to change our approach. We need to stop thinking about transport modes and think about the outcomes that we are trying to achieve. If you can provide people with opportunities closer to where they live, you change the nature of the travel. If you change the nature of the travel, you create opportunities. We have to start thinking about what outcomes we are trying to achieve rather than simply substitution of one way of travelling now for an alternative way in the future. It is about place, it is about outcomes, and it is about people. The challenge for us as a transport profession—and we would begin that journey through the strategic transport plan—is to shift our thinking on this.

Lord Moylan: I will leave that for the moment. I am extremely grateful for you being here, but I must say I find those answers a little unspecific. I would have hoped we would have had a better idea of where you were going because 2030 is only eight years away, and people will find, if government plans are effected, that they are simply not allowed to buy a car for £12,000 or £15,000. For many people, that means no car or

extending the life of old combustion engines as far as you can into the future, does it not?

The Chair: I think you want to come in, Jonathan.

Jonathan Bray: I have a few observations. Although the Government have put a lot of focus on their strategy for electric cars and have invested in that, it is still a bit fragmented on the overall approach to the decarbonisation of vehicle fleets. Cars are in one box, buses are in another and public service vehicles are in another. There is also a division between the policies for vehicles and the provision of a necessary infrastructure to power those vehicles and the green energy to do that.

In some of the more recent documents, you can sense a realisation behind the scenes about the scale of the task here. It requires it to be joined up. Then there is vehicle taxation, which is national government's responsibility, not ours. Also, I am assuming that the cost of vehicles falls over time, as tends to happen when things go mainstream. There is a need to pull some of these issues together in a way that is not being done at the moment.

In terms of rural transport, the car is not going to disappear. The car is not just king in a lot of the territory of the country—it is the emperor. Public transport's share is tiny. We can build that up, but there are other things that can be done. We have low levels of car occupancy in this country compared to many other countries, and relatively small increases in overall car occupancy have a huge impact just because of the sheer volume of car trips. Car share should be more than just a funny TV programme; it should be more mainstream within policy.

E-bikes also have huge potential because they extend the range and the types of people who can use a bicycle. They are taking off to an enormous extent in Europe. One in nine households in Germany has an e-bike now, and 50% of new bike sales are expected to be e-bikes. We are seeing them here, but there is a potential to really ramp that up. I am a bigger fan of e-bikes than I am of e-scooters because I see their potential to bring many benefits. Things can be done in rural areas, but there is a much bigger debate to be had about decarbonisation of vehicles and the taxation regime.

Q109 **The Earl of Lytton:** It is very interesting to hear both your comments. In a Select Committee such as this, we always like to use our witnesses to stress-test what government is doing, and that is what this question is really all about. Given your detailed regional knowledge and your in-depth exercise of local administration and feedback, to what extent do you think current government policy initiatives such as Great British Railways and the national bus strategy improve the provision of transport across local authorities in urban areas?

To put it another way, if you were sitting at a ministerial desk and designing it from your knowledge, given that there is always a finite pot of money, what would success in that area look like, particularly having

regard to those social, economic and environmental core objectives? I will start with Martin Tugwell.

Martin Tugwell: We welcomed the Williams-Shapps plan for rail because we saw first-hand in the north only too well in May 2018 what happened when planning for infrastructure and services went awry. The importance of getting infrastructure and service planning back together, which is at the heart of the proposals for Great British Railways, is a really important step, and we need to make it work because it is a key part of it. We are actively engaging with the transition team for Great British Railways because we see it as a two-way relationship between GBR and us moving forward.

We are charged as a statutory body to prepare a strategic transport plan. It needs to be multimodal. It is about the transport system. It is about how we deliver improvements that support growth in the economy, society and the environment. When we prepare that plan, we need to be informed and taking advice from GBR about what is possible in the next five to 10 years. We need to make our approach grounded in an understanding of what is possible.

By the same token, GBR needs to understand that we are looking at the transport system in the round. To deliver some of those strategic outcomes, we may well say, as indeed TfN has said to date, that we need to grow the market for the rail sector, particularly between our major towns and cities, because that is the best option to effect a modal shift.

Having had their input to prepare the strategic transport plan, which is a statutory document, we would then use that input to prepare our advice, and then we would look to the rail industry, through its whole industry strategic plan, to put in the detail as to how it could deliver what we require as an outcome. It is an input to our work and taking our work as a framework to move forward.

We are building on good foundations in the north because we have a strong working relationship with Network Rail already. We have a strong working relationship through the Rail North Partnership, which is a form of devolution already on the rail side between TfN and the Department for Transport. We jointly oversee and manage the delivery of the Trans-Pennine contract and the Northern services. There is a foundation on which we can build. Moving forward, we have said that we want to use that as a starting point and we want to see double devolution in effect.

There is that conversation between GBR and us at a regional level, but there also needs to be a relationship between the metropolitan combined authorities and GBR, because when you come to things like Merseyrail—if I may use that as an example—you have a relatively closed network. You want to make sure that what happens on the local rail network is integrated with what is happening within the rest of the transport system for Merseyside. It feels absolutely right, when you are talking about local integration, that that is done through the metropolitan combined

authorities and the metro mayors. We think that is a very practical way forward.

Just to repeat a point I made earlier, in all the conversations around GBR we must not lose sight of the fact that another key aspect of the rail system is freight and logistics. Something like 25% of all freight in the entire country has an origin or a destination in the north, so understanding how the rail system is being built and developed, not just for passengers but for freight because of the economic impacts that has, is really important.

We see it as an opportunity. We want to work with the transition team. We want to support them to have a proposition that can then be used as a foundation on which to build.

I will defer to Jonathan on the relationship with the national bus strategy. We see the importance of buses, but that tends to be more realised at a place-based level.

Jonathan Bray: On the bus side, we very much welcome the aspirations of the national bus strategy, which were for buses where there are no buses now and for more buses where there are, for greener buses, for cheaper buses and for integrated buses—all aspirations that we totally share, and justified too because public support for bus services brings so many benefits. It gets people off benefits into work. It reduces congestion for other road users, and it helps tackle air quality and decarbonisation challenges.

It was also very welcome that we have seen some substantial investment in bus between the bus service improvement plans and the city region sustainable transport settlements for those places that were recipients of it. As I said before, the challenge is that long-term revenue support for bus. The Covid-related deal runs out at the end of September. We have been asked by Baroness Vere to work with bus operators over the summer to agree new networks by the end of September on the understanding that those networks could be lower-based than they are now—potentially between 80% and 90%, or lower, than they are now. It may not turn out to be the case in all areas, but, certainly, there is an understanding that those networks can be reduced, which goes against what the bus strategy said.

There is an argument that goes, “We just need to re-base. All the investment will flood in, and then we can build back up again”, but if you look at the long-term trend of bus use over the years it has gone down and down, and then there was the hammer blow of the pandemic, and to get it going up like that, even without the pandemic, would have been quite a task. There are some big challenges on bus if we are to achieve those aspirations.

Just to pick out a couple of other things from the bus strategy, we would like to have seen a clearer commitment to ensure that we get the London-style, simple, smart, integrated ticketing that London takes for

granted, not just on the plastic cards—we have those in our cities—but on mobile phones and bank cards.

At the moment, the Government have a strategy for rail ticketing as part of rail reform. They want to have contactless ticketing. They are putting in substantial amounts. They have a separate plan for multi-operator ticketing on bus. We want the thing to join together in Greater Manchester and Merseyside because that is what people want and expect. That is where people make these kinds of journeys. They are probably less concerned about contactless to go from Leeds to St Ives than they are to go from Leeds to Harrogate or wherever it may be in the immediate environs.

To come back to GBR briefly, we welcomed it because our members have been very frustrated by the high cost, delays and rescheduling of rail improvement works. It has been too expensive and too difficult. We are very keen to ensure that devolution remains a part of that. It has been one of the big success stories on the railways. In this city, people probably know London Overground. We used to have the North London line, which was terrible under British Rail. It was terrible under privatisation. It has been totally transformed. There was a 50% increase in patronage in the first two years of the London Overground, which is not bad going. That is because London cares about its local railways in a way that a big railway does not so much. We saw a similar success story when services were devolved in Merseyside: more investment, more satisfaction and more patronage.

We are a bit concerned at the moment. You can see why there is a desire to bring the railway back together and have a united railway. We want to see a more integrated railway. That we are going to be squeezed out, because the railway tends to be a bit insular. They have got their train set back, but they do not necessarily want people like us getting in the way. We want to get in the way because we want to ensure that the railway delivers for our areas. Our task is to keep flying that flag to ensure that devolution is part of the story and does not get pushed to one side.

The Earl of Lytton: Are you finding in your disruptor role that you have a reasonable listening ear where it counts in the department in terms of getting all these things back together instead of being a slightly dispersed, mode-by-mode consideration? Do you feel you are getting an adequate response?

Jonathan Bray: We do have a good dialogue across all sorts of issues. We have been very focused on the pandemic. I feel that rail is in a separate box in the department from local transport, and you could see that during the pandemic. There were separate funding deals. There was separate comms and marketing around rail to the rest of public transport. I think rail is seen a bit as the elite mode. It is a big department. You have to split them some way. It will never be perfect, but we feel that it is a bit modally divided, and local transport is perhaps a bit of a poor

relation. It has picked up a bit recently with things like the bus strategy and the focus on active travel, which has been very welcome.

Martin Tugwell: That is where, as a statutory sub-national transport body, we can add value. We touched earlier on the capacity within individual authorities to deal with some of this. One of our roles as a statutory body is to provide support and use what we have in terms of capability and capacity to support our partners. We are doing that to some extent outside the metropolitan areas supporting partners in places such as York, where we are using some of our knowledge and skills within the team to support them as they are looking to upskill their offer. Our basic role is as a centre of trusted knowledge and evidence. We have some of the best datasets and analytical tools. Sometimes, National Highways will use our models to develop its business cases because we have the better model. We similarly have a very strong modelling capability with rail.

More importantly, going back to an earlier question, we have the ability to measure the impact of changes in transport access on land-use values. You are starting to be able to get that measure. Where that all comes in is that we can act to complement what is happening in the individual metropolitan combined authorities. Where they have initiatives in Manchester, Liverpool, Leeds, Sheffield or what have you, it gives us the opportunity to make sure there is consistency across those areas.

We need to remember that going east to west across the north is no different from going east to west across the London Underground network in terms of scale. You expect to have universality at that scale in London and the south-east, so why are we not able to have a similar approach at scale across the north? That is where TfN working with its partners can provide that consistency, which then ultimately improves the experience for the user of the service.

The Chair: I will move on to Lord Stunell. Perhaps we can keep the answers a little bit shorter because we have quite a few questions.

Q110 **Lord Stunell:** The question is how the way that funding is allocated affects the delivery of public transport services. We have obviously covered that quite extensively so far. Can I just pull that out a little bit further? It is not just how it is allocated but where it comes from that is important. I would like to know whether your models are taking account of the various sources of money coming into the system. If you cancelled all bus services and just left Uber to do it, it would all be private finance because Uber is not funded in any way by the public sector. I am not recommending that as a policy option, but to get a full picture of how transport happens, leaving out the word "public" for the moment, there are multiple sources and potential sources.

Would you like to comment on that and consider whether some of the ways in which transport is funded in other countries might be relevant? We have taken evidence from France and Austria, which have different tax regimes, funding models and structures. Again, if you were sitting

behind a desk with a magic wand, what would your model look like, starting with you, Jonathan?

Jonathan Bray: I will try to keep my answer shorter. I think there is more we could do to exploit other potential sources of funding given that there is always going to be a finite amount from government. There is more potential for land use capture and land value capture, which is used to fund quite a lot of public transport in places such as Hong Kong. It is easier in places where land value prices are higher—for example, in London. When you build new electric bus depots, you want something that is new, modern and clean, not some of the old-type depots.

Can you build property developments over that? It has been done in Paris where they have also provided housing at cheap rates for workers on the system. Can we use some of the pension funds without in any way being reckless with those pension funds? I need my pension fund. Other countries find ways of doing that in a safe way. We keep being told that there is a lot of money sloshing around in the City for green finance initiatives. We have been working with people like Core Cities to realise that. There is more work to be done, and we are trying to push that stuff forward.

Martin Tugwell: I have a few quick observations. In a report last year the National Infrastructure Commission identified the complexity and the number of different capital funding streams. It made a recommendation that simplifying it would help. Every time you have an individual funding stream there is a process of application and competition, as Jonathan says, and then there is the monitoring. You often find that individual authorities are, in effect, agglomerating those various funding streams to deliver on the ground. There must be something that could be done. If we treat the process of allocating money as a bit of an overhead on the system of delivery, minimising that and simplifying it would be very helpful.

We have touched on the benefit of having clarity around five-year funding streams because that helps local authorities and partners in the local community to understand how they can secure the funding that would be allowed to match up with development opportunities within their communities.

That brings me on to the third point, which I touched on earlier. If you have some clarity about what the public sector is able to do, you can have those kinds of conversations with the private sector and use the public sector as leverage to deliver on outcomes. That, for me, comes back to the fundamental point. If we are clear about outcomes, we can tap into the innovation and the opportunities within the private sector to deliver things that are being agreed for society. It is helping target that innovation on delivering outcomes, and I think there is more that we can do in that respect.

Lord Stunell: Thank you.

Q111 **Baroness Bakewell:** I want to take up the point that has already been made here because it seems that there are so many different transport strategies and governance entities, local government and so on. Is there not a case for a much broader, single-minded strategy overall? I suppose, Martin, I am deconstructing your job. There are all these enterprises that presumably the councils and so on—all the different governance models—both collaborate and compete with. They are all in tension with the Government's strategy and with government institutions. There needs to be some simplified way of making things easier for yourselves, does there not? You have already spoken about the tensions that exist. Jonathan, what do you think should be done?

Lord Moylan: Give it all back to DfT.

Jonathan Bray: Going back to my previous point, it is right that some things sit nationally, such as National Highways, intercity and the overarching aviation policy, but a lot could be decided more locally, and is in most other European countries or in the States. As you know, this is a very centralised country. We have a culture of gifted amateurism, as someone described the Civil Service. Sometimes, you feel as if England is seen as this terra nullius and people in London can decide what they want to do this year.

If you look at other countries, they tend to have policies for the longer term. They do not change them as rapidly as we do. Some of these changes are about decades, whereas we have a tendency to want to change everything every couple of years. That is difficult to deal with, whereas if you go to Switzerland or Germany it is a much more stable environment in which the regions and cities are working.

Baroness Bakewell: Given that criticism of yours, where would change start if we were going to improve things? Overall, as we proceed through this inquiry, we find more and more complexities, and we keep unwrapping different initiatives, many of them plausible and successful, but, overall, it is hard to get a picture. Where would you start change?

Jonathan Bray: It may not appear so because we have the whole of England, but in our areas you have a system that makes sense. You have a mayor for the large city region. You have a transport authority, which is responsible to the mayor and is there to deliver better public transport and all the rest of it. We could do with some more powers to enable us to do that job fully around buses and rail. If you look at where both the Mayors of Manchester and Liverpool are going, they want something that looks and feels a bit more like London when you get out at Manchester Piccadilly or Lime Street. The buses will be yellow. The trams, if there are trams, will be yellow. The trains will be yellow. The bike hire will be yellow. There will be one smartcard. We are not so far off being able to have a system that people can relate to and understand more. It is more complex in the counties and the shires, which is not our territory.

Baroness Bakewell: I appreciate that.

Martin Tugwell: To come back to your substantive point, this is my third incarnation of working at a regional level. You might call it sub-national, regional or whatever. That tells me that, fundamentally, there are some aspects of what we are doing on transport that, intuitively, leaders of local authorities and metropolitan combined authorities realise you need to work together on. If you look at the journey Transport for the North has been through, it was through Transport for the North that the idea of having a northern powerhouse network that connected the great towns and cities came about. You have to have a conversation that involves those partners. You could argue that that is a really good example of where working together at a regional/sub-national level adds value.

I have three tests. Is it something that goes beyond boundaries of individual authorities? Is there efficiency in working together on a common issue? I touched earlier on our EV charging infrastructure. You could either have 20 pieces of work being done or one piece of work with one conversation with the DNOs that can feed into the national process.

As long as we are really clear about what it is that only national government can do—legislation around vehicles is a good example of that—and recognise that we can bring together different modes of transport together into a strategy, but then focus on supporting delivery at the city region local level, we have the foundations of something that can be built on.

Baroness Bakewell: You speak of everybody recognising the need to come together and to work together. Why not be together in some overarching way as you are prioritising in the north?

Martin Tugwell: Across England, you have seven sub-national transport bodies that cover the entirety of England. They are coterminous. Originally, Transport for the North was the first; Midlands Connect was after that. There are now seven sub-national transport bodies across England, excluding London, that cover and provide that leadership. The department has been investing in those sub-national transport bodies for a number of years and sees the added value of them.

The Chair: Do they cover buses, or are buses entirely local?

Martin Tugwell: We cover transport systems in the round. It is very much for the partners around the table to take a view about what they see as adding value. Certainly, my approach as a chief executive is that we add value to our partners rather than trying to duplicate or reproduce what they are doing.

Baroness Bakewell: Thanks.

Q112 **Lord Haselhurst:** I have only had experience of Transport East of all these sub-national transport bodies. They cannot agree among themselves what it is that they really want to do, from the revival of disused railways to aid tourism in Suffolk and Norfolk, to providing an improved service on a line that feeds London's third airport, the

biomedical centre at Cambridge and the capital city. There is then the freight question that you have raised and the east coast ports. It is in the interests of the Midlands and the north that improvements are made there. You cannot get the people round the table agreeing. They stray from one thing to another. The railway system has survived for 100 years and is still going to be a staple part of our transport arrangements, and it will speed up.

The most dramatic plan that we had was the construction of HS2, and that gets bogged down by protests and so on, all of which we have to tolerate. Then the Government take away the eastern arm of it. The Government, or several Governments, have nailed their flag to the mast there. They have changed. It seems to me that, once you have created a national plan, you have to get everybody making sure that it is completed.

I am, by the way, not as pessimistic as my colleague, Lord Moylan, about what the future will bring, because knowledge is expanding ever faster.

Lord Moylan: I—

Lord Haselhurst: I did not interrupt you when you were speaking.

Who would have thought that we could have a device like this phone when the first concept was something the size of a brick? We have moved on so quickly, to the point where a two-engine aircraft can fly from London to Australia non-stop. Will we accommodate aerial taxis or aerial scooters? These things are now starting to be talked about. How do we know that more advanced batteries will not be created? Look at the advances that have been made so far in that field. I think we have to have a rail plan and stick to it, and realise what the priorities of the country are.

Martin Tugwell: I will make a couple of observations in response. Before joining Transport for the North as the chief exec, I was the programme director for England's Economic Heartland, and I know that the three transport bodies—Transport East, EEH and Midlands Connect—wrote very clearly to the Secretary of State about the importance of the Felixstowe to Nuneaton freight route for exactly those reasons that you talked about, my Lord. That is a really good example of how, if you have seven strategic bodies, we can talk to each other and work together so that we do it more efficiently.

The point you make, though, is a really key one, and it comes back to the substantive point I made a number of times: focusing on the user, the place and the outcome. I remember writing in a previous regional document 15 years ago about the power and the opportunity of technology to change travel patterns. In some respects, we had to wait until the pandemic forced businesses to recognise the potential of that technology, and suddenly we were in a different game. There are aspects of the change that came because of the pandemic that I would not necessarily want to see continue, but it is a really powerful message for me and a challenge to the transport profession.

Processes are all about understanding where we have come from and projecting those forward. We need to think about the outcome we want to achieve and map how we get there, using the available funding to be able to drive that change. That is where it has to be done through partnership. That is where sub-national transport bodies working with National Highways, Network Rail, GBR and others can act as a convener to be able to say, "Right, this is what we are trying to achieve. This is what we need from you as an organisation", so that you get that coalescence around a single, shared understanding of what we want for the user, the place and the outcomes of that region.

Lord Haselhurst: Do you think it is possible to get that agreement?

Martin Tugwell: I do.

Lord Haselhurst: Good.

Lord Berkeley: Martin, you mentioned Felixstowe to Nuneaton. I used to be chairman of the Rail Freight Group. Yes, you talked and you wrote to the Government, but what has happened? They have not even double-tracked the only single-track section of that line, and they have built a station on it. That is going to reduce the capacity still further. You may have written to them, but nothing appears to have happened. What is the solution?

Martin Tugwell: It is to keep making the case from an evidence-based perspective as to why these things are important. It also comes back to the point we have made a number of times this morning about the importance of having clarity on the funding envelope, being clear about the outcomes we are trying to achieve and giving good advice on what should be prioritised.

Lord Grocott: There is a lot I want to ask about as I am still dissatisfied with the answers so far. There is absolutely no criticism because I am not saying any of this is your fault, but I am looking for solutions, which is Joan Bakewell's question. I have looked, as we all have, at loads of local government structures and central government departmental structures over the years. In looking at the structure for delivering urban transport, putting it as broadly as that, I have never seen quite such a complicated operation as I see in the briefing papers. It is constantly changing. You need a couple of PhDs just to understand it. I am not quite sure what the public make of this.

My question is about the public because this is what it is about. Let us be specific. If I find that my bus service is being cancelled in the area where I live, if I find that my train every morning is hopelessly overcrowded and I have to stand, if I find that when I am driving to work there is a particular junction where every morning everyone is jammed without any apparent solution, if I find that there is a queue of buses waiting to move on and there is an empty cycle lane with no one on it, who do I go to? Who is able to deal with my problem?

If the problem persists, who is responsible? I am not asking who gets the sack. I am against people getting the sack. Who says, "Sorry, it's my fault. We're doing something about it?" I do not want to be too critical, but the structure seems to me to be almost designed to fail. There are just too many inputs, too many overlapping responsibilities and too many people. I will excuse myself and go on for one final point.

This is not a criticism of Transport for the North, but it is a genuinely puzzling question, and it is related to what I have said already. The governance of Transport for the North, we are told, is that each of the 20 constituency local authorities appoints one of its elected members responsible for transport to be a member of the board. The board also includes Rail North authorities from outside the TfN area, representatives from local enterprise partnerships and delivery partners from the Department for Transport, National Highways, Network Rail and HS2. The TfN leadership team consists of a chief executive, a finance director, a Northern Powerhouse Rail director, a strategic rail director, a major roads director, a strategy director and director of business capabilities.

Where do you get a room big enough to put everyone in? Is this a decision-making body? I can understand why all those people need to have an input of some sort, but I cannot quite visualise that as a mechanism for dealing with the customers we are all trying to serve. I do not know if you could say yes or no to that.

Jonathan Bray: In the city regions, the aim is that there would be one person to complain to, ultimately, and you could sack them because they would be the mayor.

Lord Grocott: That is so diffuse, is it not? Are you saying of how many million people that they direct their queries to the mayor?

Jonathan Bray: No, I am not saying that, but that is the ultimate. If the transport system in a city—the bus, the rail and the roads—is falling down on the job, that is going to be a major election issue. The aim would be to have a transport authority, or the combined authority of which the transport authority is a part, where you would go to them if there were problems with the bus and trains because they would have either total responsibility for them or major responsibility for them.

On the highways network, there is a debate about whether you do what London does. At the moment, in the city regions, the districts are the highways authorities. Do you move the strategic highways up to the city region level so that that would come under the Mayor of Greater Manchester or Merseyside, as it does in London? That is not a debate that has been resolved yet. You can see how it all begins to come together into something that is much more similar to what London has, where there is one system and one body to go to, and, ultimately, there is political accountability.

Lord Grocott: If I need the bus to get to the hospital and the bus service has been cancelled, who specifically do I go to? Where is the phone number? Where is the contact?

Jonathan Bray: Now?

Lord Grocott: Now.

Jonathan Bray: Under bus deregulation, by and large it is the commercial operator because most services are provided commercially. Where the commercial operators do not provide it, the local transport authority can step in; about 15% of the network is supported. I agree that it is confusing, which is why city regions such as Manchester and Liverpool are looking to get rid of bus deregulation and replace it with a system where the entire network is planned and specified by the transport authority accountable to the mayor, as in London, and operators compete to provide it so you have one network, one fare system and one place to go to complain to.

Martin Tugwell: In response to your question about the added value of Transport for the North, we are a sub-national strategic body. We are looking at the framework for the next 20 or 30 years. As a country, we do not do enough—and we touched on it a little earlier—about understanding where we need to get to and what the steps to getting there are.

On the rail side and on National Highways, we have the opportunity to work within those five-year funding cycles. You have identified a need for a National Highways study that feeds into improvements potentially in a subsequent year.

We are able to look at those genuinely strategic issues in the round, going back to my three tests: things that go across boundaries; things where it is efficient and more effective to work together; and having a single view on strategic priorities that can feed into government, which provides the framework within which the metropolitan combined authorities can work. My experience of working with sub-regional and sub-national bodies is that they can be incredibly powerful in bringing a coalescence around a common agenda and a common objective.

If we think about Transport for the North, the independent economic review that talked about £100 million and 850,000 jobs acts as the catalyst on which we all work together to deliver improvements for the benefits of the residents, but does that mean that there is a direct relationship between Transport for the North and the residents? No, because it is through the local authorities or the metropolitan combined authorities. But we know we need to join things up; we know we need to do things at a regional level.

As I said in response to an earlier question, the fact that this is my third incarnation on a regional structure kind of shows that we know this to be true, and it is how we make it work, which comes back to the point we have both made today: being clear about what is only possible to be done at a national level and where that responsibility lies; being clear about what added value can be done at a regional level, but the place-based delivery, whether it is through an MCA or the local transport authority, is where the relationship really needs to be delivered.

The Chair: We certainly have a dilemma. Lord Carrington, we are moving on to our final area now.

Q113 **Lord Carrington of Fulham:** The final question is about something we have been discussing pretty much the whole hour and a half or so we have been talking—the relationship between local government and central government and policy co-ordination. We have covered it so much, but there is one aspect of it that we really have not covered in sufficient detail. I suppose this really comes down to “Who pays the piper calls the tune”.

One of the great problems in most relationships between local government and spending bodies of one sort or another and central government comes down not to an unwillingness to work together or an unwillingness to plan looking forward, but an unwillingness of the Treasury to commit funds, stick with its commitments and cough up the money that it promised without changing it, or indeed looking at the plans that have been agreed between the Department for Transport and the various bodies responsible for delivering the service and saying, “We’ll only have a single-track railway from the major port. We’ll put a station on it because that’s the cheapest way of doing it, and that’s all the Treasury will fund”. How do we overcome that?

I know it is not an answer that anybody will be able to come up with. There clearly is a problem there. It does not affect just transport, obviously. It affects defence. It affects almost every other aspect of government policy. Given your obvious knowledge of the constraints that the Treasury has—tax revenues, priorities, the need to replace weapons sent off to Ukraine and so on—how do you get to a situation where central government policy is consistent enough once agreed that it can be delivered in the long term by people like you?

Martin Tugwell: I am going to dive back a little bit into my past, if I may. As you have seen from my CV, I have worked in strategic regional planning for some time. I look back on the time when we had a process that was referred to as regional funding allocations. It meant that each of the then regions was given a funding envelope by government departments, because it covered not just transport but economic development and, at the time, covered the housing revenue account and the work done through the housing board.

The task given to the elected politicians in those regions was to come forward with their advice within that funding envelope. I was always confident before we started, and it was proved subsequently, that, if you say to elected politicians, “Here is what you’re being tasked to do. Here is the funding envelope”, they will make decisions or provide advice to the Government, and the Government of the day can then take a view.

My experience in that particular scenario was that not only did we have our advice accepted every time, but the rigour that we went through and the ability to prioritise meant that when government departments were able to say, “Do you know what? We’ve actually got some additional funding”, it was a very simple case of, “You’ve got your strategy. You’ve

got your funding priorities. The next one on the line to be delivered is that". You actually got more happening because you had that clarity. It meant that the individual partners could plan their resources to develop the proposals when they needed to rather than for the next competition, but it still respected the right and the role of government to take the overarching balance of advice across those budgets.

I am a firm believer that if you provide elected politicians with a funding envelope and a task, they will respond to it. Every bone of my body and every bit of experience tells me that. If we now add on what we are doing through the sub-national transport bodies, which have a richness of evidence, understanding where the development is, understanding where the problems are, being clear about what we are trying to achieve in terms of outcomes—environment, economy and social—the quality of the advice and the ability to look across those subjects are enhanced. If you tasked those bodies with providing advice within a funding envelope, we could make some significant steps.

Lord Carrington of Fulham: So it comes down to clarity.

Martin Tugwell: A lot of it does.

Lord Carrington of Fulham: Clarity and priorities so that if the funding changes, you can just take the bottom priority and drop that, or add it back in or whatever.

Martin Tugwell: Or you allow the decision-making body the opportunity to review it. They may well take a view. It is the kind of decision that might well need to be thought about. Do you invest in one or two big schemes, or do you invest in 10 or 15 smaller schemes? There will be judgments to be made about the outcomes you are trying to achieve and the deliverability in the short to medium term. For me, that is a much more transparent conversation. It allows politicians nationally, regionally and locally to have a much more transparent conversation with their communities about what is possible and what is achievable in the particular timescales. That is a really positive place to be in.

Lord Carrington of Fulham: What you have to get to at the local level is everybody speaking with one voice.

Martin Tugwell: Not on all things. As we have talked about, it comes down to recognising what needs to be done at a national level, what can be and should be done at a regional level, and what is rightly done on delivery at a place-based level. We must not make every aspect so hierarchical and linear that you have to go through each stage. It is recognising what needs to be done at the right level and empowering the elected politicians to do it at that stage.

Lord Carrington of Fulham: Thank you.

The Chair: Jonathan, do you want to add anything? We are moving to a close.

Jonathan Bray: Without reiterating the points, I agree with what has just been said. There have been times when the Treasury has driven devolution policy in the Osborne period. We probably got more out of the Treasury than we would have got out of the Department for Transport on things like bus powers and devolution. There are times when the Treasury goes through a wider economic development phase, and there are other times when perhaps it is more on the bean-counting side of the equation. I had better stop there because it is above my pay grade.

The other thing that has been happening not just in this country but around the world is that the shock of the pandemic and the sudden reliance entirely on government funding has made transport authorities look at how they can diversify their revenue and their sources of finance. We talked about some of those earlier—land value capture and pension funds and whatever ways you can spread your risks a bit. We will see more of that in the coming years.

The Chair: Thank you very much. That has been a really fascinating session. You have kindly said that you will try to help us a little bit with our wish to get some data for our conclusion, both Jonathan and Martin. Thank you very much indeed. That ends the public session.