

Transport Planning Society

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What role can the Scottish private sector play in achieving sustainable transport during the 'Age of Austerity'?

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Introduction

"...we face the biggest budget deficit of any country in the developed world. That, frankly, is the prism through which decisions must be seen."

David Cameron – UK Prime Minister
(November 2010)

Since the May 2010 election, the Westminster coalition government has begun pursuing a programme of budget restrictions and reductions in response to the recent downturn in the UK's economy and the subsequent increased structural budget deficit.

The argument concerning whether the extent and severity of this programme is driven by fiscal necessity or political ideology is beyond the scope of this paper. However, the impacts are likely to be felt by almost all levels of the public sector and will shape the course taken by public sector bodies throughout the UK for many years to come.

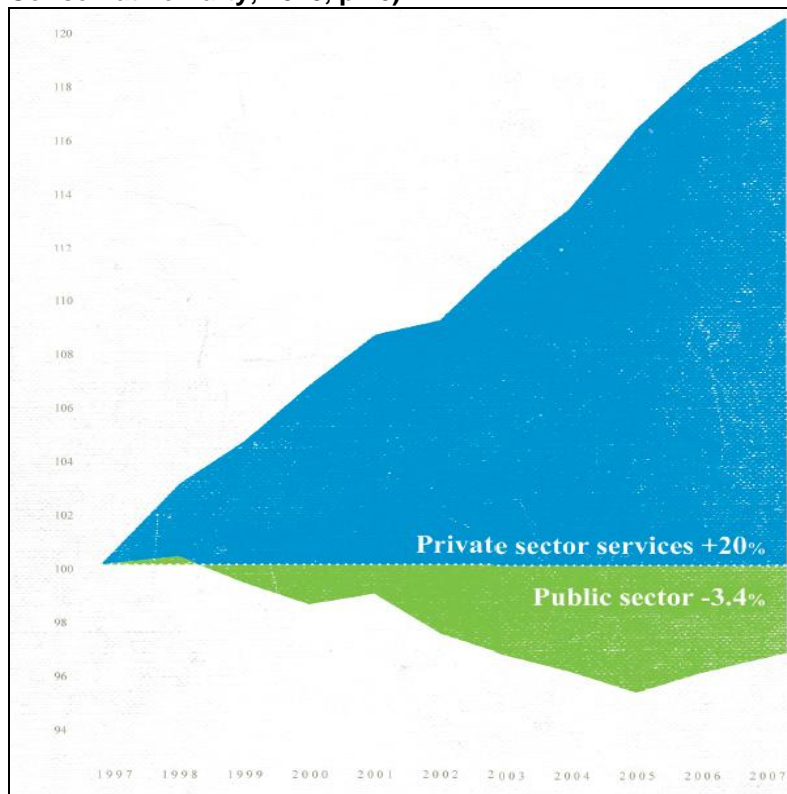
On 20th October 2010, the Chancellor of the Exchequer, George Osborne, outlined HM Treasury's Spending Review. This review set out the coalition government's budget deficit reduction plan as well as the level of government departmental and capital spending up to the end of the current parliamentary term (2014-2015).

The Spending Review identified that the total departmental expenditure limit available for the devolved Scottish Government's 2011-2012 budget would be cut by £900 million and total Scottish spending will be reduced by 10% across the review period to 2014-2015 (HM Treasury, 2010).

The Scottish transport budget is not ring-fenced and therefore susceptible to revision as set out by the Barnett formula for allocating public funds to the devolved Scottish Government. In November 2010, the Scottish Cabinet Secretary for Finance and Sustainable Growth, John Swinney, presented the Scottish Government's revised budget in response to the Spending Review, which stated that the transport budget for next year will be cut by £85m, a fall of 4.3% (LTT 2001a).

The review of public sector funding set out by the UK Government this autumn is in part justified by their support for market-driven economic and social policy which favours the ability of the private sector and individuals to best serve their own needs and the needs of the nation. This philosophy is exemplified by the Orange Book (Marshall & Laws eds., 2004), written by prominent Liberal Democrat Party members and MPs; as well as the Conservative Party 2010 Manifesto which, as illustrated by Figure 1, clearly aims to reinforce the idea that the private sector is more effective than publicly funded bodies at meeting desired outcomes.

Figure 1: Extract from *The Conservative Party 2010 Manifesto* comparing changes in productivity level achieved by the public and private sectors between 1997 and 2007 (The Conservative Party, 2010, p.26)



Whilst transport is predominantly a devolved matter in Scotland and the current SNP administration are more social democratic in their political outlook, the cuts in the Scottish budget imposed by Westminster are likely to impact on the funds available to support sustainable transport in Scotland. Therefore, in the light of the current UK government's political philosophy and budget deficit plan it is appropriate to investigate whether the private sector is able to contribute towards meeting the objectives of sustainable transport in Scotland.

The report will concentrate on three main topic areas in which the private sector impacts on transportation and determine whether it is able to support the public sector through the current period of budget constraints to help meet the objectives of sustainable transport. The three selected topics are:

- A. Private Funding Mechanisms;
- B. Street design; and
- C. Public Transport Services.

Defining sustainable transport and why should it be promoted in Scotland?

"Sustainable development is at the heart of our commitment to sustainable economic growth."

Stewart Stevenson – Scottish Minister for Transport (December 2009)

Sustainable Development and Sustainable Transport are phrases that can be increasingly seen to permeate both political rhetoric and policy at all levels of governance; however their meaning is often deliberately nebulous. In order to determine the role the private sector can play in achieving sustainable

transport it is important to provide a defined framework of what it constitutes. Therefore this report will utilise the Scottish Government's (2010a) statement of why sustainable transport should be promoted to infer an appropriate definition of sustainable transport:

“The purpose of promoting more sustainable transport is to minimise any negative environmental and social impacts of travel, whilst maintaining an efficient and effective transport system that supports sustainable economic growth. Increased proportions of sustainable transport will reduce transport emissions that contribute to local pollution problems and climate change. Increasing the numbers of people walking and cycling is also critical to improving the population’s health. “

This definition introduces a number of issues which are particularly relevant to the Scottish Government’s strategic objectives such as tackling rising car usage; carbon emission levels; and average body mass index and associated medical conditions. These three areas are all monitored by the Scottish Government and on-going progress towards meeting their objectives for each area are reported in the Scottish Government’s ‘National Indicators’.

The establishment of a definition of sustainable transport allows the three topic areas to be investigated in turn to establish the potential and effectiveness of the Scottish private sector to support the aims of sustainable transport.

Topic A: Private Funding Mechanisms

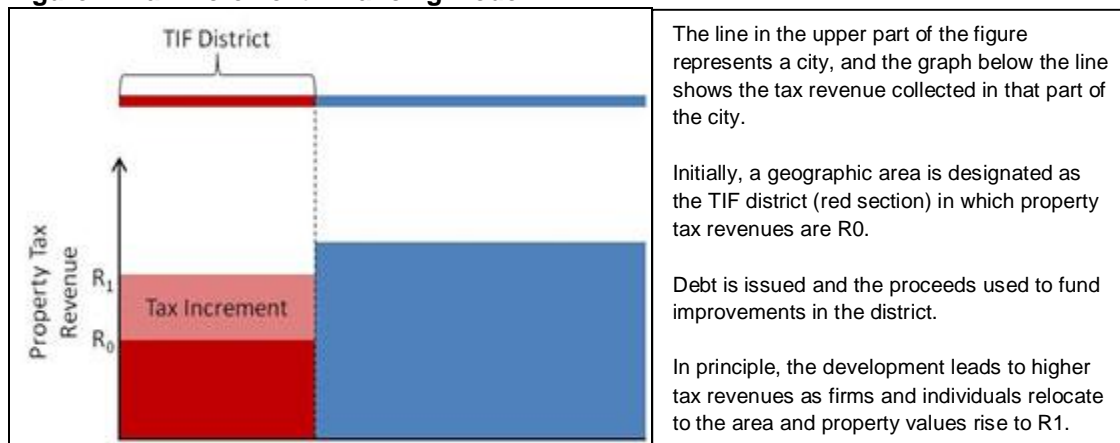
“We will be giving local authorities the freedom to borrow against those extra business rates to help pay for additional new developments... it is the first step to breathing life back into our greatest cities.”

Nick Clegg – UK Deputy-Prime Minister (September 2010)

The current economic downturn comes at a time when significant investment in the nation’s infrastructure is required to provide transport systems fit for the 21st century. For example, the ICE reports that the UK will need to invest £434 billion in infrastructure by 2020 (ICE 2009). In light of this, the Westminster government has given new impetus to the belief in the potential for private finance initiatives to bridge the growing funding gap faced by local authorities.

In his September 2010, Liberal Democrat party conference speech, the Deputy-Prime Minister Nick Clegg set out the coalition government’s commitment to allowing local authorities to use the increase in business rate revenues arising from new development in an area to borrow the capital to fund new development. This mechanism is called Tax Increment Financing (TIF), and has been used extensively in the United States for decades to allow public bodies to deliver new development through private funding. Figure 2 illustrates the principle of TIF.

Figure 2: Tax Increment Financing Model



Source of figure and text box: (SDG 2010)

The City of Edinburgh Council (CEC 2010) has recently announced they will be looking to be the first local authority in the UK to implement the new TIF mechanism to fund the infrastructure required to regenerate the waterfront area of Leith and Granton. The scheme would generate £84m to finance the development and require business rates in the TIF zone to be ring fenced for 25 years to recoup the revenue required to repay the initial investment. The proposed infrastructure is predicted to result in £660m of private investment in the area.

Whilst the infrastructure proposed by CEC for the waterfront is principally related to the redevelopment of the harbour and road network there is the possibility to also use the funding to contribute towards the city's beleaguered tram project. The tram line is currently under construction; however, contractor disputes have threatened the timeline of delivery and also may result in only a section of the planned line initially becoming operational (LTT 2010b). Council leader, Jenny Dawe has said:

"The plan is still that we will have the tram from the airport to Newhaven and, if it would make the most economic sense, this (TIF) money could help achieve that."

Whilst the coalition government is presenting TIF as a key funding solution to counter the reduced ability for local authorities to fund development, it is important to assess what evidence there is to demonstrate that this funding mechanism can deliver sustainable transport schemes that are value for money.

A number of US studies of the increase in land value resulting from new transit schemes have showed there is significant evidence to support the proposal that new transport developments can result in an increase in land value. For example, the introduction of the MetroLink light railway system in St Louis resulted in a 32% increase in house prices for properties located along the transit route (CTOD 2008). Furthermore, the construction of a new streetcar line in Seattle serving the South Lake Union district resulted in land value increases of between 50% and 80%, significantly more than other areas of the city (Brookings 2009).

Within the UK, a good example of the effectiveness of investment in transit schemes providing a significant increase in land value is provided by research carried out following the completion of the London Underground Jubilee Line extension. Land value within a 1 kilometre radius of Canary Wharf station and Southwark Underground station increased by approximately £2bn and £78m, respectively (LTT 2006b).

Whilst the evidence set out above supports the potential to use TIF to support new sustainable transport in Scotland; a study of the 58 approved TIF schemes in Kansas City up to 2006, showed that the amount of actual revenue generated by the schemes was less than 25% of the projected revenue (Kelsay 2007). Furthermore, there is evidence that the rise in land value achieved by TIF funded development results in existing residents being priced out of the market and having to move to more deprived areas (SDG 2010).

Clearly, the TIF model carries a significant amount of inherent risk for the public body to cover the funding costs if the scheme does not achieve the predicted revenue. Therefore, considerable planning, as well as a capital lender willing to share the risk of an unsuccessful development is required before this type of funding can be implemented.

Whilst supporting the potential for TIF to provide future funding for new infrastructure, the Scottish Government currently identify non-profit driven finance (NPD) as the preferred public / private partnership model to deliver transport schemes. NPD is similar to more traditional private finance initiatives (PFI); however it removes the uncapped equity returns which were a common feature of previous PFI agreements. Surpluses generated by the project are reinvested in the public sector; and stakeholder involvement is ensured through a Public Interest Director, who provides greater stability between the public and private partners (Scottish Government 2010b). Transport schemes which will be delivered using this model include: The Borders Railway Line; the Aberdeen Western Peripheral Bypass; and a number of motorway improvement schemes (LTT 2010a).

Another funding mechanism which is becoming more widely used is Local Asset Backed Vehicles (LABV). LABVs involve the public body providing assets and a private body matching the value of the assets with equity. The partners work together to complete the scheme and share the profits equally. This funding mechanism is attractive to public bodies that may have significant assets but little capital to fund development. The first LABV to be completed in the UK will be a civic, community and residential development in Tunbridge Wells operated by the Tunbridge Wells Regeneration Company Limited. The partnership will run for an initial period of ten years (John Laing 2010).

Currently, no LABV examples have been implemented in Scotland; however, Scottish local authorities have approximately £26bn in fixed assets (Audit Scotland 2009) and therefore there is clearly potential for this mechanism to be implemented.

As these funding schemes are still in their early stages it is difficult to assess whether they will deliver value for money for the public in the long term. However, it is expected that they will be more successful than traditional public private partnerships that have been implemented in the past which often represented poor value for money for the public. A classic example of this is the tube PPP consortium Metronet.

Metronet was awarded a thirty year contract to maintain, renew and upgrade the infrastructure on nine London Underground lines from January 2003, with the London Underground remaining in public ownership and operated by Transport for London (LTT 2006a). In June 2007, Metronet went into administration and the company was transferred to public ownership in May 2008. It is estimated that the collapse of Metronet cost the taxpayer up to £410m (NAO 2009).

Whilst there is clearly potential for public bodies to utilise the private sector through a range of mechanisms to fund sustainable transport schemes, it is important that lessons are learnt from previous mistakes to ensure that risk is properly managed. Ultimately, even if the failures of the partnership lie in the hands of the private bodies it is often the public body, and therefore the taxpayer, which is left to suffer the financial consequences.

Topic B: Street Design

"Well-designed streets can also be crucial components in Scotland's drive towards sustainable development and responding to climate change."

John Swinney – Scottish Minister for Finance & Sustainable Growth
(Scottish Government 2010c, p1)

The majority of new residential and commercial development schemes are funded and delivered by private developers, consultants and contractors. Therefore, this is a key area where the private sector is able to contribute towards meeting the Scottish Government's sustainable transport objectives. This section examines the extent to which street design can play a role in supporting a number of the main themes

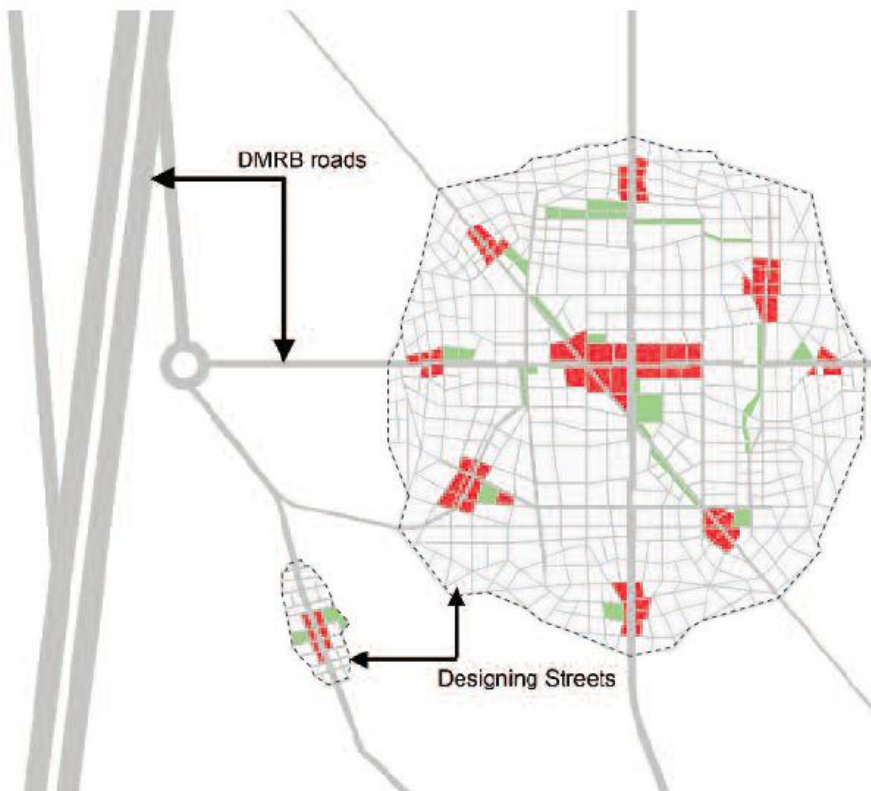
of sustainable transport such as, active travel, social inclusion and encouraging reduced car travel.

'*Designing Streets*' (Scottish Government 2010c), is the most recent Scottish Government transportation policy document which aims to ensure that street design supports the creation of sustainable communities. The policy statement draws on research undertaken for the production of '*Manual for Streets*' (DfT 2007a) in England and Wales and is the companion document to '*Designing Places*' (Scottish Executive 2001) which sets out the six key qualities for creating successful and sustainable places, which are that new development should be:

- Distinctive;
- Safe & pleasant;
- Easy to move around;
- Welcoming;
- Adaptable; and
- Resource efficient.

'*Designing Streets*' provides policy and technical guidance on a broad range of factors which can be applied to the design of all streets in Scotland. Figure 3 identifies the wide range of locations where '*Designing Streets*' is applicable. Outside of these locations, on roads whose principal function is the movement of traffic, the guidance set out in '*Design Manual for Roads and Bridges*' (DMRB) (Highways Agency n.d.) should still be applied.

Figure 3: Locations where either 'DMRB' or 'Designing Streets' is applicable (Scottish Government 2010c, p4)



In order to provide a focussed assessment of current Scottish Government street design policy and guidance, an investigation has been undertaken of the evidence base for the role of the central aspect of 'Designing Streets', the creation of well-connected, walkable urban forms, in achieving sustainable transport.

In the second half of the twentieth century the dominance of the motorcar and zonal planning principles produced the type of development layouts which, as most eloquently attacked by Jane Jacobs (1962, p. 4), create, "amputated areas (which) typically develop galloping gangrene".

The problems of zonal planning principles are illustrated in Figure 4, showing discrete mono-use zones, which may be internally permeable to streets users, however provide poor connectivity to surrounding land uses and results in the creation of high speed, heavily trafficked roads that act as barriers to movement by active travel modes.

Figure 4: Illustration of a built environment arising from zonal planning principles (Scottish Government 2010c, p. 20)



'*Designing Streets*' promotes the principle that street patterns should be well integrated with the surrounding networks to ensure that developments are connected and permeable for all street users and provide the flexibility to accommodate future changes to the built environment.

Before the rise and dominance of the motor car, traditional development was driven by the necessity of residents to be within walking distance of their daily needs. A return to this more traditional approach to create well connected and permeable mixed-use development patterns is central to guidance set out in '*Designing Streets*'. This type of development pattern is illustrated in Figure 5.

Figure 5: Illustration of a built environment arising from mixed-use and connected networks (Scottish Government 2010c, p. 20)



In support of the type of development pattern illustrated in Figure 5, the Scottish Government (2010a, p. 20) postulates that:

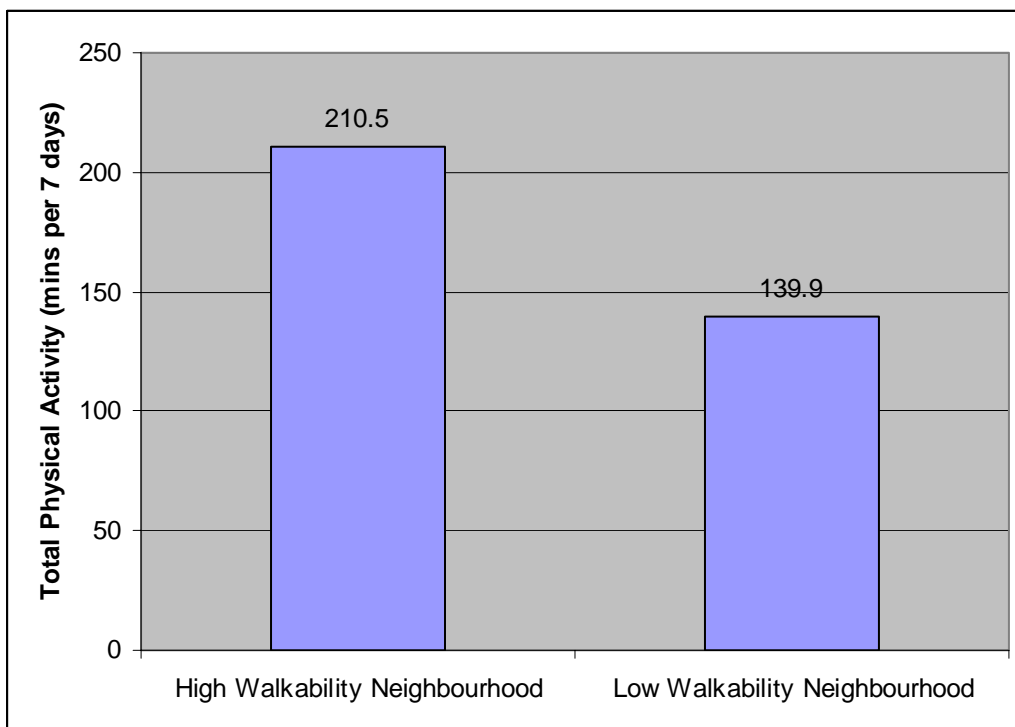
“Layouts built on these more traditional lines are likely to be more adaptable and will lead to lower car use, thus contributing to wider transportation and environmental objectives.”

However, is there robust evidence to support the hypothesis that street design can help achieve the objectives of sustainable transport?

A number of studies have identified that there is a significant correlation between the pedestrian friendly environments and reduced BMI levels (Rundle A, 2007). This is particularly relevant to Scotland which has one of the highest levels of obesity in the 33 OECD member countries with over a million adults and over 150,000 children currently classified as obese. Furthermore, this is predicted to worsen in the future with adult obesity levels reaching over 40% by 2030 (Scottish Government 2010d).

A study comparing two neighbourhoods in San Diego which have very different development patterns showed that residents living in a neighbourhood with a high walkability rating engaged in a significantly greater level of physical activity than residents of a neighbourhood with a low walkability rating (Saelens et al. 2003). The results which have been adjusted for age and education level are presented in Figure 6.

Figure 6: Comparison of time engaged in physical activity over 7 days between residents living in different urban forms



Whilst the results of this study would appear to support the idea that urban form can impact on active travel behaviour, is there evidence to support a reduction in total car use resulting from the development of highly walkable urban street patterns?

Evidence from a number of studies support the Scottish Government suggestion that urban form can influence travel mode choice and reduce the number of car journeys and carbon emissions. For example, the results of a US study of different neighbourhoods in Portland, Oregon are presented in Table 1. The results show that neighbourhoods designed to maximise access to public transport and

support active travel encourage reduced vehicle use, car ownership and greater public transport and active travel mode shares (VTPI 2010).

Table 1: A comparison of car ownership, daily travel distance and mode share against neighbourhood development type.

Land Use Type	Car Ownership	Daily Vehicle Miles	Mode Split				
	Per Household	Per Capita	Car	Walk	Public Transport	Bike	Other
Good transit/Mixed use	0.93	9.8	58.1%	27.0%	11.5%	1.9%	1.5%
Good transit only	1.5	13.28	74.4%	15.2%	7.9%	1.4%	1.1%
Remainder of county	1.74	17.34	81.5%	9.7%	3.5%	1.6%	3.7%
Remainder of region	1.93	21.79	87.3%	6.1%	1.2%	0.8%	4.0%

Table source: VTPI (2010)

A report by the Center for Neighborhood Technology (2010) suggests that Chicago households in mixed-use, high density locations emit 43% less CO₂eissions than average households in the city.

A study undertaken to investigate the relationship between urban form and travel patterns was carried out by Danielle Snellen (1999). The study observed travel activity in nineteen neighbourhoods in nine Dutch cities. The results showed that neighbourhood design can significantly determine travel behaviour. However despite the study being referenced in '*Manual for Streets*' (p. 16) to support the benefits of 'good quality' street design to reduce pollution, energy use and car use; the report concludes by stating that the results of the study:

"Leads us to the conclusion that, within the current social, cultural and economic context, the potential of urban design as a measure to reduce (motorised) travel in Dutch medium sized cities is very limited, yet that urban design of neighbourhoods can influence some elements of the travel behaviour of their inhabitants."

Therefore, it appears that whilst the more traditional urban form promoted in '*Designing Streets*' may play a role in local travel behaviour and improving physical activity; the evidence to support its ability to shape total car usage, and therefore tackle the issues which are often presented as being central to sustainable transport such as carbon emissions, congestion and air quality levels is perhaps less conclusive.

Furthermore, new development comprises only a small fraction of the total built environment. For example, current new house building makes up less than 1% of the total stock in any year; and at least 75% of the homes that will exist in 2050 have already been built (CABE 2007). Therefore, whilst the principles set out in '*Designing Streets*' are positive and contribute towards creating more successful places the potential of the private sector to support sustainable transport in the short term through urban design measures is relatively limited.

Topic C: Public Transport Services

“The coming Session will include legislation to transfer the Scottish Bus Group to the private sector. This will give a further boost to enterprise in Scotland and will create new opportunities for employee participation, wider share ownership and investment, which, of course, Opposition Members hate.”

Margaret Thatcher – UK Prime Minister (November 1988)

This report has already looked at how the private sector can provide funding for new sustainable transport schemes, and then how it encourages sustainable transport through design. This section of the report will focus on public transport services, and bus services in particular, which have already experienced

significant private sector funding and control, to investigate whether the private sector has been a positive force.

The role the state plays in controlling transport services has changed significantly in the last three decades. At the peak of nationalisation in the late 1970s, public sector bodies provided a wide range of transportation services including air, rail, bus and ferry services (DfT 2007b). The subsequent years of privatisation and deregulation have resulted in transport services today which are primarily operated by private sector bodies.

In Scotland, bus services provide the most widely used public transport service and provide a key element of the drive towards meeting sustainable objectives (Scottish Government 2010e). As shown in Figures 7 and 8, the rise in car ownership levels in Scotland over the last fifty years correlates well with a decline in bus passenger numbers; however in recent years a shallow trend of rising bus usage has been recorded.

Figure 7: Number of Licensed Vehicles per Year in Scotland between 1963 and 2009 (produced using data from Scottish Government (2010f))

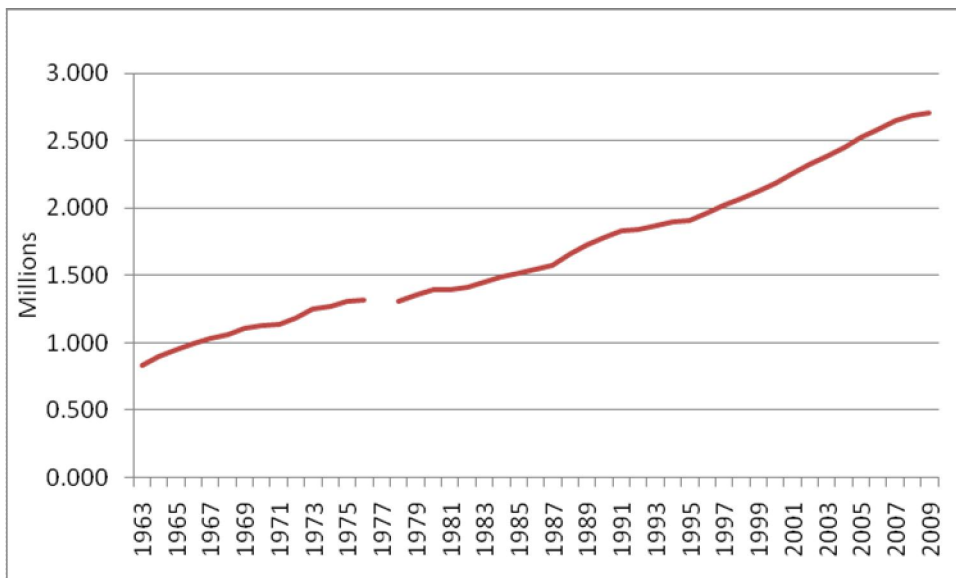
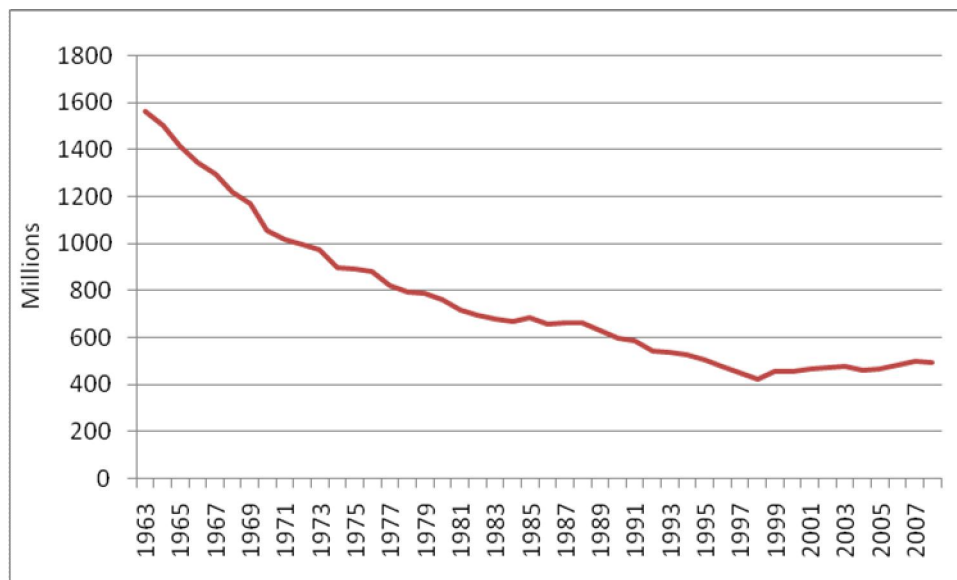


Figure 8: Local Bus Passenger Numbers per Year in Scotland between 1963 and 2008 (produced using data from Scottish Government (2010e))



As a result of the implementation of the Transport Act 1985, and the privatisation of the Scottish Bus Group, buses in Scotland operate in a largely de-regulated market, controlled by private bodies (Scottish Executive 2006a). Currently, Scotland only has one remaining municipal bus service, with 91% of Lothian Buses plc owned by the City of Edinburgh Council (Lothian Buses 2010). However, Lothian Buses is run competitively against other services in the Edinburgh and Lothian region, most notably First Buses (OFT 2004).

It is suggested that the initial impact of deregulation on local bus services was the creation of piece meal network that did not effectively meet users' needs as municipal services were taken over by commercial organisations. The situation has improved in recent years, however, the tension between local authorities or passenger transport executives and the commercial operators remains (Quarmby 2010).

The impact of the privatisation of bus services in Scotland has provided mixed results for bus users. Whilst the total operating costs have been reduced by 49% since deregulation; average fares have increased by 19% in real terms (Scottish Executive 2006). The frequency of bus services has improved over the years, with more households saying there was at least one bus every 13 minutes from 20% in 1999 to 25% in 2005 (Sustrans 2008).

It is reported that 85% of Scottish households are now within a 6 minute walk of the nearest bus stop; however, about 27% of householders in remote rural areas, and around 18% of those in accessible rural areas either have no bus service or are at least 14 minutes walk away from one (Scottish Government 2009). The provision of bus services in remote areas is one of the main aspects of de-regulation where commercial bus operators are unable to meet users needs without public subsidy to ensure that services can be financially viable.

A number of demand responsive transport (DRT) services have been trialled by local authorities to provide public transport in more remote communities. These services differ from traditional fixed timetable services in that the day-to-day operation is influenced by the needs of the users. There are three principal funding streams for DRT schemes (Scottish Executive 2006b):

- Government transport funding – national and local government ensuring that transport is available to meet all social and economic needs;
- Users – fares or other funding contributions paid by passengers in proportion with their use of transport; and
- Purchasers acting on behalf of users – usually public bodies such as health or education authorities purchasing transport for students, patients, staff etc. But sometimes commercial companies purchasing services for staff, clients, and visitors.

Whilst premium services such as commuter DRT schemes can operate commercially, the vast majority of schemes cannot survive without public subsidy to ensure that they are viable. The typical public subsidy cost per journey for different DRT schemes is shown Table 2.

Table 2: Public Subsidy Costs per Trip

MARKET	SUBSIDY COSTS PER TRIP (£)			
	0-2	2-5	5-10	10-20
Premium Service	Target for Commuter service (e.g. Yellow Taxibus)			
High Value to Agency				Joblink Social and geographical Ambulance Service PTS
High Care Needs			Typical dial-a-ride / dial-a-bus LA Social Work / Education services	Medical Ambulance Service PTS
Best Value Public Transport		Typical shared taxi – based bus replacement		

Source: Scottish Executive 2006b.

Given the requirement for continued public funding, the viability of DRT in the 'Age of Austerity' looks under threat, and the Scottish Executive (2006b) have themselves commented that:

“The long term sustainability of most of the pilot DRT projects set up by the Scottish Executive [now Scottish Government] is uncertain. There is a heavy reliance on the Scottish Executive funding, and for most pilots, DRT would probably not be prioritised highly enough by the councils to obtain funding within mainstream budgets.”

Whilst a number of bus operators are exceeding targets to provide physical access to bus services to all users; the ability of the private sector to tackle fully social exclusion through transport services appears limited.

However the ability of the private bus companies to support another central pillar of sustainability, the environment, is more positive. The Scottish Government have set a target of reducing carbon emissions by 42% by 2020 in response to the growing threat of anthropogenic climate change. Recognising the contribution that transport makes towards total carbon emissions they provided the £4.3m Scottish Green bus fund to help bus companies adapt their fleet to produce lower carbon emissions.

There are also examples of bus operators in Scotland which have taken it upon themselves to provide and promote 'greener' bus services. A good example of this is the Bio Bus service, operated by Stagecoach West Scotland. The fleet of nine buses run on waste-derived cooking oil and therefore provides a low carbon solution to providing public transport. To further encourage users to engage in the project, passengers are supplied with containers to recycle their own cooking oil and to use as fuel for the buses (Stagecoach West Scotland 2010).

The introduction of 'green' initiatives such as the Bio Bus, as well as investment across all bus operators in newer, more efficient vehicles is expected to result in a significant reduction in carbon emission arising from bus services into the future (Scottish Government 2010g).

Clearly there are good examples of the private sector contributing effectively towards meeting a number of sustainable transport objectives through its operation and management of public transport services. However, whilst this report has focused only on bus services to emphasise the way individual modes are controlled there is considerable scope for greater integration between modes to truly deliver sustainable public transport networks. Improved network integration is likely to require a more hands on approach by the public sector transport authorities, which is unlikely to be achievable in an era where public sector resources and influence are being reduced.

Summary & Conclusions

In the light of the current public spending constraints and the UK coalition government's belief in the power of the free market and support for reduced state intervention, this report has investigated the role the private sector can play in the achieving sustainable transport objectives.

Three central topics for investigation have been identified where the private sector can impact on sustainable transport; these are: funding new infrastructure; street design; and the operation of public transport services. Each of the three topic areas have been investigated in turn and supporting evidence has been presented. Table 3 presents the three main topics and identifies the role that the private sector can play within each topic area. The Table also provides a high level assessment of the extent to which the private sector, through each topic area, is able to contribute towards meeting the key outcomes which the Scottish Government consider fulfil the criteria of sustainable transport.

Table 3: Summary Table of Private Sector and Sustainable Transport

Topic	Private Sector Role	Potential Contribution Towards Sustainable Objectives	
Private Funding Mechanisms	Providing capital funding Delivering new infrastructure Management of operations Providing technical expertise	Reduced Carbon Emissions	Positive
		Reduced Car Use	Positive
		Increased Active Travel	Positive
		Social Inclusion	Positive
		Value for money	Uncertain
Street design	Funding new development Design and delivery of new development Introduction of innovative solutions Best practice knowledge and skills	Reduced Carbon Emissions	Minor Positive
		Reduced Car Use	Minor Positive
		Increased Active Travel	Minor Positive
		Social Inclusion	Minor Positive
		Value for money	Positive
Public Transport Services	Investment in fleet Management and operation of services Investment in infrastructure	Reduced Carbon Emissions	Positive
		Reduced Car Use	Positive
		Increased Active Travel	Minor Positive
		Social Inclusion	Minor Positive
		Value for money	Uncertain

The Scottish Government and local authorities are already using the private investment and expertise to fund and manage the delivery and operation of new infrastructure schemes. However, as traditional revenue sources become less available to public bodies going forward, there will be a greater reliance on the private sector to support the delivery of schemes which meet the key objectives of sustainable transport. Therefore there is great potential to harness the power of the private sector through partnership agreements to support the delivery of sustainable transport schemes which would otherwise be unviable. However, the extent to which private funding mechanisms can deliver value for money for the public is unclear due to the long life cycle of the contract agreements and there are already examples of PFI contracts which have resulted in the public sector facing excessive and unforeseen costs to rescue failed partnerships.

The design of permeable street patterns which prioritise the most sustainable transport modes is encouraged through the recently published Scottish Government document '*Designing Streets*'. A number of studies have revealed a positive correlation between the connectivity and permeability of the neighbourhoods in which the residents live and their physical activity, carbon emissions and car use. However, new development comprises a very low percentage of the total built environment; and therefore despite the political rhetoric to the contrary it is considered that there is limited scope for the

private sector to significantly contribute towards the objectives of sustainable transport through street design measures.

The report concludes by investigating the impact that the deregulation and privatisation of Scotland's bus services has had. Whilst service frequency has improved for the majority of users, fares have increased despite a trend of reduced running costs. In addition commercial bus services are unable to adequately cater for users living in more rural locations.

Whilst private sector control of public transport may not be able to fully tackle the issue of social inclusion, there is significant potential for it to help contribute towards meeting some of the other key objectives such as reducing carbon emissions through low carbon fleet and reducing the necessity for car journeys; encouraging active travel between services

This report has set out to establish that there are a number of ways in which the private sector is able to act as a positive force in contributing towards meeting the key objectives of sustainable transport. However, ultimately a strong public sector is required to ensure that risk is properly managed and the efforts of the private sector are channelled in the right direction to ensure positive outcomes for all parties. It is therefore considered that further depletion of public sector funding is likely to diminish the ability of public bodies to ensure that sustainable transport is fully prioritised into the future.

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