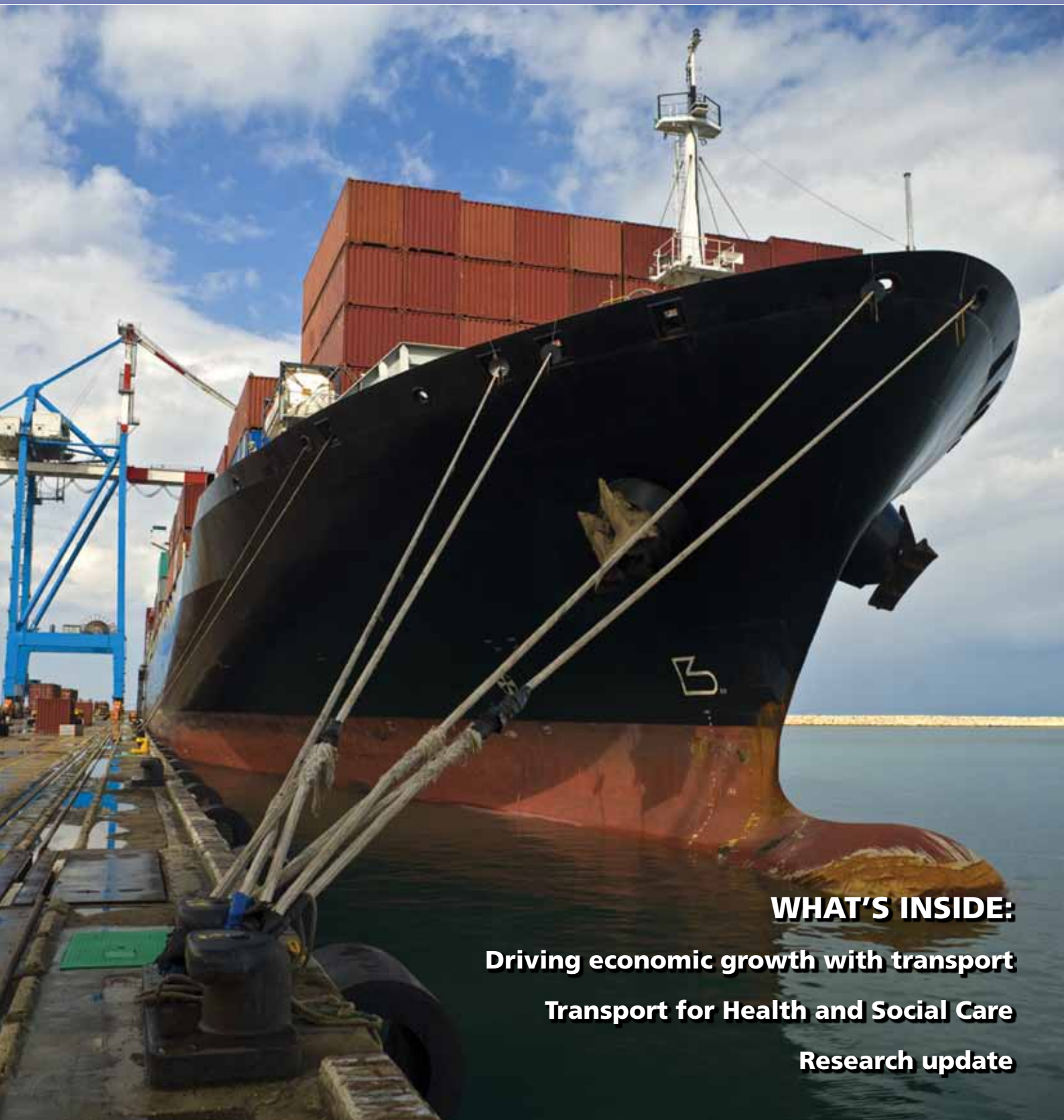


S cottish transport review

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WHAT'S INSIDE:

Driving economic growth with transport

Transport for Health and Social Care

Research update

Editorial

As the funding squeeze impacts on Scottish transport, STR reviews some neglected areas where transport can help to grow the economy. Alf Baird champions the role maritime transport can play and the Chartered Institute of Logistics and Transport has set out a vision for transport over the next 20 years. These show that Scotland's transport is exceptionally well placed to create economic growth, not just as a maritime nation but as a world leader in renewable fuels, managed transport, payment technologies and pioneering engineering delivery.

There are weaknesses in current transport delivery. Confidence has been undermined by the Audit Scotland report on the problems with managed transport for health and social care, and the procurement failures for the Edinburgh trams. It must be remembered that these weaknesses are partly derived from a period of relative financial abundance. However history shows that the innovation and thrift of the Scots is world renowned. With the confidence to deliver, transport can help drive the recovery.

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Richard Armitage is concerned that the lack of data in the Audit Scotland report masks the scale of the problems facing this type of transport and that people are paying a heavy price, including perhaps 7% of hospital non pay expenditure.

THE VALUE OF COMMUNITY TRANSPORT

When public transport is withdrawn people rely on community transport. Yet funding CT is still perceived by many to be part of the problem rather than part of the solution. What needs to change for CT to become a preferred transport solution for public authorities?

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Audit Scotland – Transport for Health and Care

Simon Ebbett, Audit Scotland

Audit Scotland's report, *Transport for health and social care*, makes a number of important recommendations and will be brought to the attention of the Scottish Parliament. The report highlights that the availability of transport is an essential part of making health and social care services work efficiently. It is often the first part of a person's contact with health and social care services. When it is well-organised, transport not only helps people get to the services they need, it can enhance their independence.

Considering transport needs when planning and delivering services helps make services more efficient by getting people to the right place at the right time. This results in fewer cancelled appointments, less disruption to services, shorter journeys and people getting the most out of the care and support provided.

But our audit found that transport services for health and social care are fragmented and there is a lack of leadership, ownership and monitoring. The Scottish

Government, Regional Transport Partnerships, councils, NHS boards and the ambulance service are not working together effectively to deliver transport or making best use of available resources.

Joint working and planning across the public sector and with voluntary and private providers is crucial for development and could lead to more efficient services. We note in our report that there is scope to save money by better planning and management of transport for care

without affecting quality. Pilot projects show scope for efficiencies but these lessons have not been applied across Scotland.

As we highlight in our report, information about costs, activity and quality are generally poor. The public sector will find it difficult to make efficient and effective use of available resources without good basic information.

The public sector also needs better information on individual needs and on the quality of transport services. Reducing or removing funding from transport services can have a significant impact on people on low incomes, older people and people with ongoing health and social care needs.

We want to see better coordinating of local services, better use of joint scheduling, more sharing of resources between partners, and better information provided to the public and to staff. We therefore made a number of recommendations covering all these issues for the Scottish Government and transport providers to take forward.

The next step will be to brief the Public Audit Committee of the Scottish Parliament. The Committee will decide if it wishes to seek further evidence from those responsible for planning and providing these services. Local auditors will also monitor whether action is taken on our recommendations in relevant public bodies.

“The Scottish Government, Regional Transport Partnerships, councils, NHS boards and the ambulance service are not working together effectively”

Audit of Transport without Care

*Richard Armitage,
Richard Armitage
Transport Consultancy*

It is good that Audit Scotland has taken the time to examine a neglected area of public expenditure in Transport for Health & Social Care (August 2011). However, their report's conclusions and recommendations are unlikely to lead to service improvements or significant savings.

Usually Audit Scotland produce well evidenced reports but in this case the report suffers from the weaknesses that bedevil this form of subsidised passenger transport: no worthwhile data, inefficient service delivery, variable quality and - above all - lack of clarity over who needs a ride.

In a recent review at an English NHS hospital trust it was found that almost 7% of the trust's non-pay expenditure was being spent on transport. The total of nearly £5 million included £2.25 million on non-urgent patient transport. When the pressure on pay expenditure is so intense, reducing non-pay expenditure becomes even more vital. Yet the Audit Scotland report admits defeat when trying to find out exactly how much is being spent.

Looking to the future, it is worrying that the analysis of adult social care transport also fails to discuss the vital role of transport supply issues in helping to foster people's independence - especially that of young adults with learning disabilities. Traditional minibus-based social care

“at an English NHS hospital trust it was found that almost 7% of the trust's non-pay expenditure was being spent on transport”



transport is rightly now seen by both professionals and service users as a major obstacle to independent living. To see a different take on what local authorities can do with their transport funds, look at the work of the Travel Solutions Team at Sheffield: <http://www.sheffield.gov.uk/caresupport/adults/travel/support>

Audit Scotland's supplementary report on the views and attitudes of the voluntary transport sector in Scotland simply repeats all the usual canards that have ensured community transport in Scotland continues to under-perform against its potential. In particular, there are vague assertions along the lines of 'we know our passengers like travelling with us, so therefore we have not bothered to collect any useful performance data' and 'we must be efficient because we receive such paltry grants'.

This report could have been written 10 years ago. For instance, the Audit Commission's *Going Places* suite of reports published in 2001 made all these recommendations so any new analysis needs to be honest about what has and has not worked, and to have a clear perspective on the future. Many of the changes over the last decade have accentuated the problems of continuing to operate this kind of passenger transport in the same way as before: car ownership and car use have grown; some NHS facilities have been centralised, lengthening some people's health service journeys; the nature of volunteering has changed; the population has aged; the implementation of human rights legislation has combined with the demand for independent living; and so on.

My conclusion after many years' involvement in all aspects of non-bus road-based passenger transport is that there are too many vested interests with negative influence over the services being provided for a theoretical report like this to have any impact. The legislative and regulatory framework is no longer fit for purpose (if it ever was) and everyone concerned - including Audit Scotland in their latest report - has forgotten to talk with the passengers and their carers about what they really want to happen, what they need and who is paying the price for current delivery failures.

The Value of Community Transport

Derek Halden, Derek Halden Consultancy

At a time when many transport authorities are looking at bus service reductions, interest is growing in community transport (CT). Research for DfT in 2006 by TAS Partnership, Richard Armitage Transport Consultancy and Derek Halden Consultancy showed that only about £400million per year of the value of community transport in the UK could be quantified. However there was sufficient evidence to show that the value of CT was much greater than this figure for three main reasons. Most CT delivery was below the radar of transport authorities and included projects such as such as volunteers providing lifts for friends. Secondly, the value of providing CT is often greater for non transport sectors than the measurable transport benefit facilitating better health, social inclusion, employability, education, training, and in building communities. Thirdly, the consequential effects of growing community capacity create unintended benefits for the economy and society.

“helping CT to become part of the solution rather than part of the funding problem”

Over the past 30 years, the community transport sector has developed steadily, but there has been no common definition of what CT comprises. This has held back the public understanding of the sector and stifled its growth. The research for DfT identified how to define and invest in the sector and this has recently been built upon through a practical assessment of the value of CT in the Highlands and Islands of Scotland. The research findings for the Highlands and Islands will be reported to HiTRANS in the autumn but comes at a time when budgets are under pressure.

The UK research showed that reliance of CT on public funding has been growing during a period of public sector funding growth. This has allowed the sector to expand but also makes it vulnerable to cuts in public funding. Across the UK, the main sources of income are: statutory agencies (such as local authority social services and the NHS) 46%, user charges 45%

and other fund raising 9.1%. Even based on the 2007 UK figures public spending on CT is more than matched by user charges and fundraising by the operators. In addition to this most of the operators also rely on significant volunteer time.

Many of the greatest benefits from CT are in the health sector but funding from this sector is very small compared to the other sources. The prevalence of secondary and cross sector benefits makes community transport particularly complex to value and fund. Budgets allocated to one programme, such as to provide transport, cannot easily be spent on other public policy programmes, such as to improve health. Community planning mechanisms have been set up to manage cross sector working and CT appraisal needs to be linked into partnership decisions at this level.

CT is currently considered by many transport authorities as an unwelcome additional burden on public funding. However, CT is often a best value transport provider when compared with the alternatives. Stronger support for CT has the potential to make more of limited budgets helping CT to become part of the solution rather than part of the funding problem.

Although CT is a small element of the transport economy, it is a big player linking transport with wider policy objectives. The value of CT derives from its greater resilience, its focus on the needs of people, and its flexibility to resource solutions drawing from multiple funding sources. The current work by HiTRANS could be a trail blazer for renewed interest in CT.



Driving Economic Growth with an Integrated Maritime Policy

*Alfred Baird – Professor of Maritime Business,
Transport Research Institute, Edinburgh Napier University*

INTRODUCTION

A well-known politician once said “there are no votes in maritime transport”. To some extent it explains why the UK, never mind Scotland, has no real maritime policy – politically, there is not very much incentive for politicians to push for one. Most countries with a coastline have a maritime policy and we know that trade is at the heart of such policies and influences heavily on the economy and its potential growth. If we want to achieve economic growth, we need to think seriously about maritime policy, and in particular about maritime transport services, infrastructure, and regulation and how each of these interacts and impacts on trade, and trade facilitation.

Consider the following quotations:

*“In the beginning the harbour
made the trade”*

Sargent, ‘Seaports and Hinterlands’ (1938)

“Our vision is that the sea is Norway’s future”

Hans Kristian Amundsen,
State-secretary, Norwegian Ministry
of Fisheries & Coastal Affairs (2011)

Without the harbours, there can be no trade. This means it is important to think of our ports as more than just mere businesses. Ports can and do make or break an economy. Advanced, cost efficient ports and connecting shipping services enables trade to flow and grow, freely and competitively. Indeed they do more than this; they facilitate trade. Ports around the world are regarded as engines of their national/regional economy, providing a powerful stimulus for a diverse range of economic activities to take place. On the other hand, the presence of inadequate, inefficient or expensive ports, from which limited shipping activities can viably function, act as a barrier to trade. It should be no surprise that the most vibrant trading nations also have the most advanced port systems and range of shipping services involved in carrying that trade (e.g. China, Singapore, Germany, Dubai, Panama etc).

Hans Kristian Amundsen, the Norwegian State-secretary at the Ministry of Fisheries and Coastal Affairs, gave a speech at an Arctic shipping seminar held in Tromsø during April 2011 in which he stated his government’s vision that “... *the sea is Norway’s future*”. The sea is regarded as fundamentally important to Norway’s economy and society. Norway depends on the sea for its extensive (global) shipping industry, its aquaculture industry, oil & gas, tourism and energy. From these commercial activities there exists a very extensive maritime cluster, ranging from finance, to shipbuilding, marine engineering, and education. In Norway, the oil and gas sector is the largest single employer in the economy. The second biggest is shipping. According to Mr. Amundsen, the Norwegian government’s maritime policy is about exploiting the commercial opportunities that exist, through investing in innovation, and allowing for competitive markets to work effectively. There is, he said, a strong expectation that trade and navigation will increase significantly in future, so this has to be managed well by government, through appropriate policies, including helping to facilitate private investment. The end result of this vision and strategy, and focus on the sea, is a very strong Norwegian trade position.

Delegates at a recent conference here in Scotland debated a range of issues and challenges facing Scotland’s maritime industries (*Scotland’s Maritime Future*). Transport Minister Keith Brown MSP opened the conference briefly mentioning shipbuilding, ferries, and ‘marine planning’. However, delegates were left waiting in vain for any wider vision for maritime transport and its role in expanding Scotland’s trade, and hence its contribution to economic growth. Is maritime transport not of strategic importance to Scotland? What policies are being put in place to help further develop maritime transport in order to maximise Scotland’s trade and exploit future global trading opportunities? Is Maritime Policy in Scotland² really just about subsidising state-owned ferries, creating the new marine licensing and environment

protection agency ‘Marine Scotland’, and developing a few modest harbours to handle marine renewables? In other words, are we perhaps missing out on a number of business opportunities here?

WHAT IS AN INTEGRATED MARITIME POLICY?

The European Commission’s DG MARE emphasise the importance of the EU Integrated Maritime Policy, which is intended to build links between the economy and the environment. The main objective of the policy is to achieve a more sustainable use of our seas. A further aim is the ‘Europe 2020’ policy for sustainable growth, and to increase employment and efficiency. This involves a number of key actions: 1. employment through education, transport, competitiveness and efficiency to create competitive job candidates; 2. to provide data on the maritime economy, to fill the gaps in research and take advantage of opportunities, and; 3. what is called “Blue Growth”, which emphasises the need to focus more on the maritime economy (and particularly trade moving by shipping through seaports) grows faster than other sectors, coupled with the fact that 90% of the EU’s external trade is by sea and 60% of internal trade is also by sea. The maritime economy is therefore viewed as being critical in the context of economic growth.

A core aspect of the EU Integrated Maritime Policy therefore concerns shipping and seaports and how the maritime industry impacts on trade development and hence economic growth. As a new innovation, DG Mare highlights the need to include the sea (and primarily this means seaports, shipping, trade, tourism and energy) in national accounts, and to measure the proportion of GDP this contributes at



- 1 Scotland’s Maritime Future: developing an industry of the sea for energy, fisheries, transport, manufacturing and tourism, 22nd February 2011, Linlithgow (Mackay Hannah)
- 2 Baird, A. J. (2005) Maritime Policy in Scotland, *Journal of Maritime Policy & Management*, Vol. 32, No. 4, pp. 383-401.



the national level. The Strategic Framework Directive is intended to ensure states begin to assess the economic and environmental contribution of the sea. Maritime spatial planning deals with maritime governance at the local level, but an integrated approach implies that there must be economic as well as environmental actions to take full account of the multiple users of the seas and their role in economic growth as well as their impacts. The Commission also emphasises the need to reduce red tape in order to help economic growth and bring about economic benefits. As we will see below, the environmental aspects of maritime policy in Scotland are fully taken account of, but there remains a gap when it comes to the maritime economy.

DOES SCOTLAND HAVE AN INTEGRATED MARITIME POLICY?

A new statutory government agency, Marine Scotland, has recently been created by Holyrood. The background to Marine Scotland is fisheries science and marine protection. Consequently the organisation has a limited economic focus. Marine Scotland is not concerned with expansion of maritime transport services, seaport development, and logistics, or hence seaborne trade and economic growth.

Marine Scotland has about 700 staff, of which 300 are located in Aberdeen. A further 300 people are located along Scotland's coast, with the agency also operating three fishery protection ships and 5 planes. The objective of Marine Scotland has been to create a 'marine management' organisation, which now also includes a 'renewables agenda', though this is primarily in relation to the licensing of projects. Marine Scotland is a self-styled "Champion of the Sea", though this appears to be mostly on behalf of the species that live in it, rather than the ships that sail on it or the trade conveyed, or the economic growth pertaining to that commerce.

There therefore appears to be a degree of misunderstanding in Scotland about the

EU Integrated Maritime Policy, the latter emphasising the need to focus on economic growth through seaport development and improving shipping services, thereby enhancing competitiveness leading to trade facilitation and economic development. It is evident that Scotland's 'Marine Policy', as it stands, is not therefore comparable with the EU Integrated Maritime Policy. Because of this policy gap (i.e. in relation to ignoring maritime transport, trade, and hence the economy) it is unlikely that Scotland will be able to fully maximise the use of the seas for economic growth based on development of seaports, or expansion of shipping services and related maritime logistics activities. Port operators have emphasised this

"unusually for a peripheral EU nation, Scotland has no maritime TEN-T (Trans European Transport Network) initiative"

already to some extent by suggesting that Marine Scotland is taking too long to process Harbour Revision Orders, in other words the red tape issue mentioned by the Commission. In a wider sense there is currently no planning of the future Scottish seaport system or for that matter the shipping sector more generally. This implies there is no plan for Scotland's future trade development or acknowledgement about how shipping and seaports, both vital for trade, can contribute to trade facilitation and economic growth.

Whilst it is evident that Marine Scotland has a 'Marine Policy', it is also evident that this is not the same thing as an Integrated Maritime Policy; the latter needs to provide a firm focus on maritime transport, seaports, trade facilitation and economic growth. So, Scotland

may now have a Marine Act, a Marine Policy, and a Marine 'agency' to implement what the Act legislated for, but this is not the same thing as an Integrated Maritime Policy as outlined by the Commission.

That there is a policy gap here is not really surprising given the legislation creating Marine Scotland appeared to have been drafted by those primarily with expertise in environmental protection and marine biology, rather than knowledge of maritime transport, trade facilitation and economic development and growth. The essential outcome of this is that the possibilities for expanding Scotland's trade flows through maritime transport industry developments, and generating economic growth from that, have largely been ignored.

MARITIME POLICY IS ABOUT TRADE FACILITATION AND ECONOMIC GROWTH

Transport Research Institute's (TRI) analysis of Scotland's current trade position, reflecting on our work over a number of years in various EU transnational research projects, as well as collaboration with academics and industry globally, is that the nation suffers from the challenge of what we might term 'double peripherality'. That is, Scotland is distant from its main markets but the nation is also distant from its main seaports; much of Scotland's trade is nowadays shipped via ports in England, notably consumer goods and food imports sourced by the major retailers.

The ongoing decline in Scotland's export trade over the past decade or so is a clear symptom of lack of competitiveness. The leakage of Scottish import trade in particular to seaports in England means higher relative land transport costs are incurred, however it also implies the loss of added value activities and employment, in addition to resulting intermodal equipment imbalances. All of these factors lead to higher relative transport and logistics costs. This means that Scotland is not globally competitive in transport terms, which raises the question about what should be done to remedy matters.

A key problem here is that there is as yet no Maritime Policy in Scotland that takes account of or helps overcome what are effectively barriers to trade. Current policies ('marine' and 'transport') more or less ignore port and related shipping services development and hence the role of ports and shipping in the facilitation of international trade. The long-standing UK shipping/ports policy approach of 'leave it to the market' has singularly failed Scotland, influenced in large part by the provision of

'free' motorways connecting seaports in England to Scotland, the latter now badly congested. Moreover, there is no compulsion on ports in Scotland to develop new advanced infrastructure to help strengthen the trading economy, as is the case in other countries.

Scotland therefore lacks 'waterborne strategic corridors' and, unusually for a peripheral EU nation, Scotland has no maritime TEN-T (Trans European Transport Network) initiative. Scotland does not exist as far as TEN-T is concerned, and this represents another serious policy gap in terms of the need to create and maintain essential connections (e.g. Motorways of the Sea) with key EU markets, the latter even more important for a peripheral economy.

Many port infrastructure schemes (and now ships too, the latter regarded as mobile infrastructure) throughout the EU are co-financed by TEN-T or ERDF funds, and in turn also qualify for attractive long-term loans from the European Investment Bank (EIB). However, there is currently no policy which seeks to exploit such opportunities for Scotland, with the possible exception of limited EU funds allocated to support small island ferry terminal upgrades. The absence of public port authorities to help promote EU funding applications does not help. Indeed, privatisation of Scotland's ports did not result in significant investment in creating new advanced port infrastructure intended to help expand trade, as was a required condition of port privatisation in most other states. Surpluses from Scotland's privatised ports operations over the last twenty years or so have simply disappeared in the form of shareholder dividends. Scotland's major privatised ports for the most part remain self-regulating estuarial monopolies earning easy money from a captive market, and with no compulsion to re-invest as is the case with port surpluses in other states.

Existing policy in Scotland therefore considers the maritime transport sector only very marginally at best. Scotland does not take advantage of EU funding/EIB loans for the industry, and previous policies did not

adequately safeguard, far less guarantee, future seaport infrastructure provision. This means that Scotland is therefore losing out in terms of port and shipping investments, with a consequential knock-on effect in terms of inferior international competitiveness, a steadily worsening trade position, and the negative impact this has on economic growth.

SCOTTISH INTEGRATED MARITIME POLICY: A KEY DRIVER OF ECONOMIC GROWTH

Fundamentally, Scotland's present narrow focus 'Marine Policy' is at odds with, and in stark contrast to, the EU's Integrated Maritime Policy, the latter having as its central pillar economic growth through sustainable use of

"While Marine Scotland's focus on environmental management, licensing and fisheries regulation is important, this really has little to do with improving and expanding Scotland's wider maritime transport industries, in turn ensuring international competitiveness, delivering innovation, and maximising trade potential"

the seas. Society uses and depends on the seas for trade, and in order to facilitate trade and hence economic growth we must continue to use the seas as vital transport avenues.

The European Commission's vision of the sea is that of a strategic transport artery allowing for the movement of increasing numbers of ships and greater trade volumes in a sustainable way to help generate economic growth through trade development, thus creating more employment and added value opportunities. Conversely, Scotland's 'Marine Policy' has its emphasis largely on licensing and environmental aspects, with a focus on fisheries and recently also marine renewables. This ignores the need for government to plan, facilitate (i.e. mainly bringing in private investment) and secure future essential maritime business/transport



developments aimed at trade development. The current approach therefore represents a dangerously skewed policy, particularly as far as trade development and economic growth priorities are concerned.

Holyrood's legislators and advisors appear to have misinterpreted the meaning of and requirement for an Integrated Maritime Policy. Trade development and economic growth must be at the very heart of any national Integrated Maritime Policy. While Marine Scotland's focus on environmental management, licensing and fisheries regulation is important, this really has little to do with improving and expanding Scotland's wider maritime transport industries, in turn ensuring international competitiveness, delivering innovation, and maximising trade potential to help bring about and maintain economic growth.

In contrast to many other maritime nations, there is a distinct and significant policy gap in Scotland; essentially, Scotland does not have an Integrated Maritime Policy, which needs to focus on exploiting specific maritime transport industry (and hence trade!) opportunities, and this is quite different from the narrow 'Marine Policy' that is now in place. This policy gap also reflects the situation Scotland finds itself in today, with a seeming inability to deliver higher quality maritime transport infrastructure, shipping service connections, innovation and operations; such strategic initiatives should be led and facilitated by government, but delivered through attracting and guiding private investment, supported where possible by EU funds. Actions of this nature are necessary to overcome Scotland's trade leakage, secure added value logistics functions, reverse equipment and trade imbalances, and to increase exports and facilitate trade more generally. The consequence of the current approach is basically what we see: a lack of international competitiveness and a steadily deteriorating trade position, which in turn has a negative effect on Scotland's economic performance.

An Integrated Maritime Policy must have as one of its main priorities the development of





efficient and advanced seaports, in addition to ensuring that ports attract and support competitive shipping services that in turn connect with local, regional and global markets. Policy must also address the needs of maritime logistics services, shipbuilding, maritime education, safety and regulation, and related activities. The aim should be to enhance the nation's competitiveness and through this deliver trade expansion and help generate and improve economic growth.

The objectives of Integrated Maritime Policy initiatives must ultimately be to deliver competitive advantage for the nation's business sectors, to help overcome the leakage of Scotland's trade through ports in other nations, and to exploit new trading opportunities, be they in cruise shipping, container and bulk shipping, maritime logistics, port Free Trade Zones, ferries, coastal shipping, shipbuilding, offshore oil & gas, marine renewables, and so on.

TRI's applied research activities have identified a number of these areas of missed opportunities, most of which are constrained through the absence of policy, or through inappropriate policy. The latter includes the costly (and unnecessary) expansion in state ownership of subsidised domestic ferry operations (e.g. the creation of NorthLink and CMAL etc by earlier Labour-LibDem coalitions), the highly unusual transfer of regulatory powers to private ports (by previous UK Governments'), as well as the current one-sided policy focus mainly aimed at environmental protection/licensing. Consequently for many years there has been an absence of national leadership and pro-active state promotion and facilitation (i.e. including in particular attempts to leverage in private

sector investment and know-how) designed to secure strategic maritime infrastructure and service developments aimed at trade expansion, enhancing competitiveness, and economic growth.

A key aim of what we might therefore consider as a *Comprehensive Scottish Integrated Maritime Policy* would be to increase trade

"Like Norway, and many other nations blessed with a coastline, the sea is Scotland's future too!"

and help generate and maintain a national trade surplus, which is vital if Scotland is to achieve economic recovery, competitiveness, sustainable growth and prosperity in the long term. A Scottish Integrated Maritime Policy is therefore vital, to set out a maritime vision and strategy, and importantly also to put in place the organisational capability with resources to deliver that strategy.

RE-STRUCTURING NECESSARY TO DELIVER ECONOMIC GROWTH

There is at least some degree of parity between Marine Scotland's environmental/licensing role and what is required to adequately tackle the challenges and opportunities in the maritime 'economic' sector. Both relate very much to the sea, but the roles, policies and required skills are fundamentally different; this means that different people would need to be brought in to drive any Integrated Maritime Policy forward.

However, this could involve developing a larger 'Marine Scotland' which might have one division for 'Environment, Fisheries & Licensing' (more or less as it is now) and another for 'Shipping, Ports & Trade'. It is this combination of the economic and the environment that is essential to deliver an Integrated Maritime Policy; at the moment there is only one side of the equation in place. A key role of the new entity would be to anticipate, plan and facilitate public and private investment in strategic initiatives within the shipping, ports and maritime-logistics spheres. This goes well beyond current Marine Scotland responsibilities or the rather limited maritime functions located within Transport Scotland.

The activities of the 'Shipping, Ports & Trade' division could be expanded to include a remit over a number of other related activities, for example seaport planning and regulation, shipping service development, plus devolution of Maritime and Coastguard Agency (MCA) as well as transfer of the Northern Lighthouse Board (NLB) safety and navigation functions, and also canals in Scotland, the latter under the control of British Waterways and which is being prepared for a sell-off. This would help to significantly reduce and consolidate the diverse number of quangos that have interests in the maritime sphere in Scotland. Responsibilities for ferries and ports currently located within Transport Scotland could also be transferred to the enlarged agency. This would then bring all maritime public sector agencies and activities together within an enlarged Marine Scotland, in the process significantly reducing the number of delivery agencies.

The need for a Scottish Integrated Maritime Policy cannot be ignored any longer. Trade is the lifeblood of all nations, which in turn means advanced seaports, competitive shipping services and related activities and services, as well as creation of the right competitive conditions to enable firms to thrive, are vital, and we ignore this at our peril. Failure to adequately develop and implement a comprehensive Integrated Maritime Policy will inevitably lead to Scotland becoming further disadvantaged relative to other nations where maritime transport infrastructure and related shipping, logistics and support services are considered a top political and economic priority and critical for maintaining and enhancing trade and international competitiveness.

Like Norway, and many other nations blessed with a coastline, the sea is Scotland's future too!

Scottish Transport in the News

Tom Hart summarises that the paper say about Scottish Transport

ENERGY, EMISSIONS & TRANSPORT

The apparent tension between economic recovery and the transition to fossil free world energy sources by 2050 has come into sharper focus. On the one hand, government and some business interests have argued for slower cuts in emissions as a means towards early economic revival whilst others, including the UK Committee on Climate Change are claiming that existing action programmes for cuts are inadequate. The UK Energy White Paper has proposed a combined renewables and nuclear strategy with most of the latter not available until after 2020. UK Transport Minister, Philip Hammond has criticised EU proposals for 60% cuts in transport-related emissions by 2030. Government has announced that there will be a review of present overall targets in 2014.

Another new dimension in the UK is the current effort to bring together the differing Treasury and National Statistics definitions of green taxation. The level and structure of taxation can have a significant impact on personal and business decisions. Energy Secretary Chris Huhne favours a rise in green taxation, partly used to cut other taxes but also contributing to increased government income.

Internationally, there has been an agreement on a 20% cut in shipping emissions by 2024 – initially applying only to new ships and with exceptions for developing countries. Similar efforts in relation to aviation are becalmed with the USA and China joining to oppose EU efforts to apply carbon trading to aviation from 2012. There is a polarised argument on whether cuts in aviation would assist overall economic revival or threaten it.

AVIATION

Anticipating lower charges, BAA has supported devolution of air passenger duty to Scotland but other airports outside London fear this could lead to a shift of traffic to Scottish airports. Their preference is a congestion charge at London airports but Danny Alexander, Inverness MP and Chief Secretary to the Treasury, is arguing for lower airport charges for domestic travellers to and from London.

After a six-year absence, EasyJet is reintroducing direct daily flights from Glasgow to Amsterdam from 31 October. These will compete with the existing KLM flights.

Thomson Airways is to introduce two new long-haul routes from Edinburgh to Cancun and Orlanda in summer 2012.

Edinburgh has gained the award for the best European airport in the 5 to 10 million passenger category.

High fuel prices in the first quarter have cut Ryanair profits from an expected £133m to £123m.

EasJet report a doubling of pre-tax losses to £153m in six months to March.

Loganair has purchased Suckling Airways which has a five strong fleet operating out of Dundee and London City.

FERRIES & SHIPPING

The CalMac Gourock-Dunoon vehicle ferry closed at the end of June, being replaced by a more frequent CalMac passenger

service running later into the evening on a 6 year contract. Transport Scotland blamed the EU for forcing this change but annual support for the route will fall from £3.2m to £1.5m with around 40 jobs lost. Western Ferries is now the sole vehicle operator to Cowal but, though hit by a final legal decision that £3m of underpaid tax is due, user charges are being held at present levels. A ferry regulator is being considered to prevent monopoly exploitation.

SPT has invited tenders for the future operation of the Gourock-Kilcreggan passenger ferry and associated additional services which an operator might find attractive. At present, the ferry also serves Helensburgh but a future timetable may include summer links to Blairmore.

RAIL

The McNulty Report to ORR and DfT on rail delivery has outlined substantial scope for 20% to 30% cost savings in the present decade, greater fare differentiation and changes in working practices and standards. A Rail Delivery Group led by Peter O'Toole of First Group has been appointed to take forward more detailed proposals. The McNulty Report will also have implications for Scottish rail investment and





franchising. It suggests greater devolution of rail responsibilities within England. McNulty prefers retention of the present network and some new construction but implies that, without change, the future of some routes and services could be under threat.

From May, Network Rail in Scotland became the first Network Rail region to gain increased powers and responsibilities. But greater linkage of operations and track is also under discussion. McNulty will also influence a review of the role of ORR and relationships with rail operators and track providers. ORR is now consulting on the Periodic Review of Network Rail to 2020.

Scottish Government has reversed decision to end Freight Facility Grants but is being pressed to increase available funding.

WH Malcolm has increased use of rail from 2 trains a week in 2001 to 50. Rail diesel averages only 12% of rail freight costs compared to 40% on road. There is also scope for more freight to be electrically hauled as electrification expands.

DfT has agreed terms with Agility Trains (Hitachi and John Laing) to replace and enlarge the present inter-city fleet for the East Coast and London-SouthWales in conjunction with electrification of the latter. Some trains will be bi-mode, allowing through operation north of the Scottish Central Belt.

Despite the withdrawal of restaurant cars on the EastCoast Main line, state-operated East Coast reports a large rise in first class travel

aided by special promotions and the availability of seat based meals at no extra cost. A return of East Coast to a private franchise is still expected in 2012 while the present Virgin West Coast franchise has been extended to December 2012 and possibly into 2013. Virgin considers itself well placed to win the next franchise to 2026.

Consultation on the initial HS2 'Y' route running from Euston to the West Midlands and dividing for Manchester and Leeds ended on 29 July. Scottish transport Minister Keith Brown, following a meeting with Edinburgh and Glasgow council leaders, has announced a Scotland-wide partnership to look at HS rail routes and station locations.

The Network Rail Route Utilisation Strategy for Scotland has raised the longer-term possibility of improving access to Aberdeen and the north-east by a £700m scheme to reopen the line from Kinnaber near Montrose through Strathmore to Stanley near Perth.

A minor derailment outside Waverley led to two days of severe service disruption in July. Network Rail has been criticised for insufficient attention to boulder landslips on the Oban line at Loch Awe. Lack of clearance of lineside vegetation had concealed problems.

First Group shares surged 6.3% on news of an 8.5% rise in UK rail revenue and improving prospects in North America. First ScotRail had a performance below the rail average. Bus performance in the UK is seen as steady against a tough regional economic backdrop.

TICKETING & STATION PARKING

Recent media coverage has included a flurry of criticism of high and apparently illogical rail fares with through tickets often dearer than separately booked tickets for different parts of trips. Most routes charged higher rates for single tickets and return tickets valid for longer than one day.

There has been criticism of long delays, in introducing smart multi-modal ticketing in Scotland despite high spending on ticketing systems by Transport Scotland. Operators fearing loss of market share have been a deterrent to action. A Price Waterhouse Coopers report for Transport Scotland concluded that, at best, nationwide multi-modal Scottish smartcards are years away due to operator attitudes and severe technical problems.

SPT is hopeful widening the new Subway ticketing to cover rail and bus could to provide a multimodal ticket for travel in most of the Central Belt by early 2014 before the Glasgow Commonwealth Games. Another option would be for longer-distance coach, rail and air tickets to include attractive add-ons allowing travel within specified zones in Scotland.

BUS, TRAM & TAXI

The preliminary Competition Commission report on bus services has concluded that though a first preference is to promote greater on-road competition through tougher regulation of predatory practices, actual conditions in and around cities may justify the alternative of a shift to competition for bus franchises or quality contracts. As in the past, PTEs and local authorities tend to favour quality contracts while operators prefer greater regulation of predatory practices.

The Scottish Government plans legislation this autumn giving local authorities power to enforce bus lanes before the end of the year.

There has been continued criticism of the chaotic Edinburgh tram project which is seen by some as a threat to the existing Lothian Buses network and an unwelcome extra burden on local taxpayers. It has been conceded that the tram scheme could now be £200 to £300m over the original £545m budget but, the City Council has voted for tram completion from the Airport to St Andrew Square. There has been strong criticism of the tram procurement process.

After more than 6 months of intense competition, former Glasgow Airport express operator, Arriva, has withdrawn from the route – leaving First Glasgow as sole operator.

Lothian Buses is seeking to halt a BAA tender for exclusive bus pick-up rights at Edinburgh Airport.

Stagecoach in Glasgow, Perth and Fife has been reprimanded by the Traffic Commissioner for a series of mechanical failures but has avoided a fine.

Encouraged by the success of their campaign to reverse the taxi ban in Holyrood Park, the three main black cab firms in Edinburgh – City Cabs, Central Radio Taxis and ComCab – have formed the Edinburgh Licensed Taxi Partnership to represent the 5,000 people employed in the trade.

A 6.6% rise in taxi fares in Glasgow has been approved by the city council.

ROADS & PARKING

The £692m urban M74 in Glasgow opened in late June with hopes that it will generate new employment and be well used.

A TomTom survey has found that almost 32% of roads in Edinburgh are regularly congested, making it the worst British city for congestion after London. However, the basis of the data has been queried.

A report by the Road Safety Foundation has found that, though improving, Scottish roads remain amongst the most dangerous in Britain. Average speed cameras and selective roadworks have contributed to improvement.

Key Scottish Safety Camera Programmes Statistics published in July also show a 63% fall in deaths and serious injuries at safety camera sites between 1997/99 and 2008/10 compared to an overall Scottish fall of 44%.

Car insurance premiums have soared 20% in Scotland, partly due to a rise in fraudulent claims for personal injury.

WALKING & CYCLING

Initiatives in Edinburgh have cut the share of primary pupils using cars to school from 28.4% in 2009 to 21.8% in 2010 but a Sustrans survey has found an overall Scottish drop of 1.2% in walking to school since 2009. But cycling to school in Edinburgh has doubled as part of the Sustrans project with some schools now having 20% of pupils cycling. Cars are to be banned from one side of Leith Shore in order to widen pavements and encourage pedestrian use.

Amid discussions of greater shared use of routes by walkers and cyclists, walkers have called for cyclists to be more considerate. Police are particularly concerned about speeding cyclists on the Union Canal towpath.

Mountain biking is now the second most important adventure activity in Scotland (after walking).

The industry generates £119m for the Scottish economy, expected to rise to £155m in five years

1.3m visits a year are made to Scotland for mountain biking plus substantial use by Scottish residents.

STATISTICS SNAPSHOT

Air Travel - The CAA reports a 70% fall in passengers at smaller regional airports in UK since 2007. However, some larger regional airports have been growing faster than in the London area. In June, Edinburgh usage was up 7.6%, Aberdeen 10.1% and Glasgow 2.6%, partly due to recovery from the adverse impacts of BA strikes in June 2010. New Jet2 services overseas have assisted recovery at Glasgow. Growth is concentrated on direct overseas flights to Europe and a wider range of long haul destinations. In the year to March, Prestwick had an 11% fall in usage reflecting cuts in Ryanair services.

Rail Travel - Rail passengers in Britain rose 4.8% in the first quarter of 2011 despite a 6.2% rise in average fares in January but aided by a 13% rise in petrol prices. Rail usage in Scotland grew at around half the rate for Britain but with Anglo-Scottish trips rising more strongly.

Bus Travel - Local bus trips in Scotland fell to 467m in 2009-10, well down on the peak of 493m in the previous year and only marginally above the 461m total in 2004-05 (*Bus and Coach Statistics: 2009-10*). Lothian Buses increased passengers from 107m in 2009 to 109m in 2010

Car Travel - The AA report a 15.2% dip in petrol sales and 6% in diesel sales between January and March. Though partly affected by severe weather early in the year and to some extent reflecting slower and more careful driving due to increased fuel prices and falling real incomes, this suggests a fall in car usage of at least 5%. There are signs of some rise in car occupancy compared to a falling trend over the past decade. Sainsbury estimates that car fuel costs rose 22.9% in the past year with motorists also hit by rising insurance costs. 45% of motorists were found to be driving less and 7% had started to car share. Car sales have fallen in the 12 successive months following the end of the car scrappage scheme.

Tourist travel - Office for National Statistics reports that a harsh winter and volcanic ash problems influenced a slight dip in overseas visits to Scotland from 2.5m in 2009 to 2.4m in 2010. All of this fall was in the business sector with tourist visits actually rising despite recession. Indications for 2011 are of a rising trend in overseas tourist visits bolstered by increased 'staycations' by UK residents with Scotland doing well within this trend. Hotels in Scotland have been outperforming all other parts of the UK, including London.



Bus Industry Monitor 2011

The TAS Partnership publish annual statistics on bus industry performance

Profits in the UK bus industry rose in 2009/10 for the third year running. However, that has been at the price of jobs and some services. The latest review shows a loss of 5,000 jobs in the UK since 2008 - 2,000 of them amongst maintenance and administrative staff.

The measures operators took to control and reduce costs at the outset of the recession bore fruit, but margins remain well below their peak in the mid 1990s. Turnover across the companies increased by rather less than the prevailing rate of inflation (1.3%) reaching £4,994.5m. Operating costs rose by 0.6% to £4,600.8m. Operating profit was GBP393.7m, 10.4% higher than in 2008/09. Operating margins rose to 7.9% (2008/09: 7.2%, 2007/08: 6.7%).

Following changes in the treatment of pensions and the impact of the financial crash on the value of pension funds, net interest payments rose sharply. Operating profit was 9% higher at GBP503.9m, and operating margins improved to 8.9% (2008/09: 8.2%, 2007/08: 6.7%). Operating margins improve in Scotland, from 7.2% to 7.8%.

Analysing profits by ownership type, the report shows that companies in the major groups were the most profitable in 2009/10, with margins of 9.6%. These are the subsidiaries of the "big three" (Arriva, FirstGroup and Stagecoach). No Stagecoach subsidiary lost money in 2009/10 – representing significant turn rounds in previous loss-making businesses in Merseyside, South Yorkshire and Eastbourne.



Passengers are overpaying online

Review of research by Passenger Focus

Proposals have been put forward to try and ensure passengers are not overpaying when they purchase train tickets online. The move comes after a report by Passenger Focus found that there may be a misplaced confidence in online pay sites from many passengers who end up paying more than they should. The study aimed to reveal the ease and confidence passengers had when purchasing their rail tickets online and highlight any confusion or problematic issues.

"First, Virgin and East Coast instilled the greatest confidence in its users"

First, Virgin and East Coast instilled the greatest confidence in its users according to the research, while Raileasy and mytrainticket.co.uk ranked among the lowest. Strong brand name and familiarity meant that people purchasing tickets from these sites felt confident in the retailers. However, among the disincentives of using the internet some of those questioned sighted a lack of assuredness that the cheapest ticket had been purchased. Several people also were cautious about using the internet to purchase complex or expensive journeys.

Throughout the report there was a recurring theme in the published comments from the study participants. Several referred to not understanding the terminology and even the type of tickets available by the providers and sited this as a problem in knowing if they had actually bought the correct ticket.

Anthony Smith, Passenger Focus chief executive, noted that it is too easy to pay over the odds simply through lack of familiarity with the fares system and its bewildering jargon.

The research concluded that more had to be done to help customers make the right choice when buying online, including;

- 1 taking action to prevent people buying more expensive tickets than necessary and;
- 2 combating the complex fares structure, confusing terminology and use of jargon.

In order to solve the problem, Passenger Focus has proposed several recommendations. These include;

- 1 ensuring improved clarity regarding which tickets are for use on only one train, and which can be used on any train
- 2 ensuring time of day restrictions associated with a ticket can be easily checked
- 3 improving labelling will help to make the ticket selection and purchasing processes more intuitive
- 4 tackle jargon or terminology that is confusing to passengers
- 5 implement a range of functionality improvements that will make it easier for passengers to purchase their tickets online

The research will be used in discussions with rail and online organisations to try and remove confusion and improve the ticket retailing service for online consumers and to try and ensure passengers are paying the cheapest price for their desired ticket. Anthony Smith reiterates the importance that these improvements are made saying; "Making sure that passengers are not overcharged when they buy online may help improve passengers' perception of fares and value for money on Britain's railways. As more and more tickets are sold online it is vital this is got right." It is hoped the moves will prevent problems such as overpaying in the future, provide a more user friendly online service and increase public confidence in the British rail service.



Improve transport to Rail Stations

Review of research by Passenger Focus

More work needs to be done to improve transport links and facilities to and from Britain's rail stations, a study has found. A report, carried out by Passenger Focus, has revealed that although the majority of rail users access stations by walking, more could be done to facilitate those who would like to use other means such as public or private transport. Problems including a lack of car and cycle parking spaces coupled with a need for improved synchronisation between bus and train timetables are preventing some passengers from travelling to the station in the way they would like to.

The report found that the majority of people access the station on foot although there is room for improvement in terms of accessibility for those arriving at the station by other means. A large number relied on a car either as a driver or being dropped off. The main concerns for these passengers, as well as cyclists, included cost, parking space and security. The problem of space is especially prevalent as in the spring of 2011 only 49% of people were reported to be satisfied with the parking facilities at stations.

The key issues that arose regarding passengers travelling to the station by bus included the frequency and suitability of connection times and their impact on convenience. The research claimed that 'In order to encourage passengers

to make the switch to bus (as a mode of access to the station) passengers want to see a more frequent bus service that connects with the trains that they want to catch'. This has seemingly deterred many from using the bus as a regular form of transport to the station. This of course has a knock on effect with regards to available parking spaces and if more people can be encouraged to travel to the station by bus it would reduce the number of people vying for a limited amount of spaces. Passenger Focus concluded that there is scope for better

"There should be a requirement for station travel plan schemes"

coordination between rail and bus timetables and that there needs to be a focus on the interchange at stations. Are the bus stops in the optimum position? Is it safe for passengers to travel from the bus stop to the station?

Methods for encouraging people to use bus services and to improve convenience include the PLUSBUS scheme where passengers receive a discounted bus pass when buying a rail ticket and multi-modal ticketing, allowing passengers

to travel by bus, metro/tram and train in different conurbations.

To help build on some of the industries good work and try and answer the questions posed by the report, Passenger Focus outlined three main recommendations to the department of transport to improve station facilities for customers;

1. The provision of additional car and cycle parking spaces - particularly where existing provision is over-subscribed and public transport provision is poor.
2. There should be a requirement for bidders to commit to pilot station travel plan schemes in the first year of the franchise with rollout more widely from year two and throughout the life of the franchise. Pilot stations should include a range of station types.
3. Bidders should be required to demonstrate how they will work with local authorities, transport providers and other agencies to improve accessibility to stations by all modes. Where identifiably beneficial schemes for passengers can be delivered by other partners, they should be both encouraged and their future assured. The franchise should accommodate commitments to the future operation of any facilities provided.

Rail Passengers Travel Time Use

Review of research by the Centre for Transport & Society

In 2010 questions about rail passenger use of travel time were incorporated into the National Passenger Survey. Questions examine how rail passengers spend their time, how worthwhile they consider their time use to be, the extent of advance planning of their time use and how equipped for time use they are in terms of the items they have to hand when they travel.

The results reveal a consistent dominance of reading for leisure, window gazing and working/studying as favoured travel time activities. Over the six year period from 2004 to 2010 availability and use of mobile technologies has increased – in some cases very substantially. Listening to music in particular

has doubled in its incidence suggesting an increasing capacity for travellers to personalise the public space of the railway carriage.

Most notably the analysis reveals a substantial increase in identification of positive utility

"Over the six year period from 2004 to 2010 availability and use of mobile technologies has increased"

of rail travel time – the proportion of travellers overall making very worthwhile use of their time has gone up by a quarter; meanwhile compared to 2004 there has been a 37% reduction in the proportion of business travellers indicating their time on the train was wasted.

The research draws attention to the significance of such survey findings to the ongoing debate concerning how travel time and in turn travel time savings are valued in economic appraisal. This is particularly pertinent to current discussions about the multi-billion pound investments proposed in high speed rail.

Social and Distributional Impacts of Reducing Transport Emissions

Review of AEA's report for DfT

Social and distributional impacts (SDIs) are sometime ignored when looking at the impacts of policies for the majority. This report looked at planned policies to deliver Climate Change Goals.

Those likely to be worst affected are those with no viable alternative to the car, although exemptions and concessions could help to at least minimise such impacts. The public recognises that issues of fairness will be important in introducing road pricing policies.

Congestion charging and parking charges are often considered to be progressive (i.e. impacts relatively more on those on higher incomes), particularly if the revenue raised is used to fund improvements in modes that are used more by those on low incomes, the young and old, e.g. buses. This is due to the fact that higher income groups own and use cars more than those on low incomes. The groups that are potentially most adversely affected by such policies will be those low income drivers who do not have alternatives to using their car, e.g. whose jobs are in the affected zone, but who live outside of this area.

Personal carbon trading could have similar, or even more adverse, SDIs as other policies aimed at reducing trips. However, if the policy is designed appropriately, e.g. if a certain level of allowances were distributed for free, then there is the potential for beneficial and equitable impacts across different groups.

There is the potential for rebound effects from policies that aim to reduce traffic levels, as the road space that has been freed up could be used for new journeys. If such effects are allowed to occur, this would undermine any benefits in terms of addressing SDIs that had resulted from the implementation of the policies. This underlines the importance of "locking-in" the benefits of local measures.

There is potential for those on low incomes and traditionally transport disadvantaged groups who own and drive cars to be disproportionately affected by policies to reduce trips and the scale of impacts will depend on the location.

Transport policies focusing on stimulating the purchase and use of more efficient vehicles have the potential to increase the affordability of car use for all of those using them. However they could have knock-on effects on the second-hand car market, at least in the short-term, as such cars might also become more expensive as potential purchasers of new cars are put off from buying a brand new car and instead turn to the second-hand car market.

Policies aimed at encouraging more fuel efficient driving behaviour, such as better information on the more efficient use of cars, would also increase the affordability of vehicle use. Given that it is low income drivers who are likely to struggle more in paying for the costs of driving, it is these drivers, as well as other members of their respective households, who would probably benefit more, relatively speaking, from adopting such policies. As low income households are less likely to have access to the internet, care needs to be given as to how best to target such drivers.

Investment in the walking environment

Living Streets highlight benefits of investment in the walking environment

An effort is being made to clean up the streets and make them more pedestrian friendly. A report by Living Streets has highlighted the benefits of investing in the walking environment and outlined the health, social, environmental and economic improvements such a move would bring. It aims to improve the facilities and environment for pedestrians as so many cities are dominated by traffic and are not conducive to walking. The study's reported benefits of walking friendly environments and walking itself are as follows.

- Walking has significant physical and mental health benefits: higher levels of walking are associated with lower risks of mortality (mainly through reduced risk of cardiovascular disease and cancer). Walking helps prevent obesity; diabetes; high blood pressure and can also improve self-worth, mood and have a positive impact on self-esteem. It is also linked with reductions in anxiety and depression
- Specific groups such as children and older people who are often more reliant on their local neighbourhoods can gain significant

health benefits and independence through walking

- Residents of walking friendly neighbourhoods (in terms of density, connectivity, quality, greenery etc.) are less likely to be depressed, and more likely to have better physical and mental health

"Residents of walking friendly neighbourhoods are less likely to be depressed, and more likely to have better physical and mental health"

- Investments in walking environments can help alleviate the significant societal and economic costs related to poor health
- Walking and walking friendly environments have social benefits. They contribute to

increased social interaction, the development of social capital and increased safety (and perceptions of safety)

- Perceived levels of safety affect how much people walk. People walk more when they feel their neighbourhood is safe, well maintained and lively. Localised investments to improve perceptions of safety will encourage people to walk more, with resulting benefits for health and social interaction
- The environmental benefits of walking friendly environments are largely related to shifts from other modes. Reductions in carbon emissions and, noise and improvements in air quality are potential benefits
- Investments in walking environments have significant economic benefits. They can increase the value of residential and commercial properties, and increase rental income. They can also support local economies by attracting new businesses and events
- The public and retailers are willing to pay, to varying degrees, for improvements to the walking environment

Is Increased Competition what Passengers Want?

Michael Gorry, STR

The Competition Commission report on bus services seems to have posed as many questions as answers as to what is the best way to run the market. In its efforts to increase competition and prevent regional monopolies from becoming the norm, there are dissenting voices who claim the Commission is placing its own reasons for existence above the needs of the customer. Everyone claims to be the consumer's champion but each organisation comes with their own philosophy and agenda about whether the state or the market should control the bus services. Does increased competition automatically leave the passengers as winners?

One of the major bus operators writing in the professional press claims the Commission shows its 'arrogance and disdain for the actual users of bus services' and that they have failed to ask the 'basic question of what does the passenger want?' It would have been helpful to present some evidence to show whether customers preferred the virtual monopolies of Edinburgh or Brighton to the areas of intense competition like Manchester.

However, the remit for the Commission is to promote competition, and the body insists that competition is imperative in the provision of an efficient and customer friendly service. Their report suggests that passengers in local areas where the largest operator faces little to no rivalry can expect less frequent services and higher fares than in places where there is more competition. Jeremy Peat, Chairman of the Local Buses Inquiry Group, says 'there are evident risks of disadvantages for passengers when there is little to keep local operators on their toes'.

However this is a complex topic. In many areas head to head competition leads to inability to sustain the rivalry between operators. The Commission also has problems defining what sustainable competition might look like. One operator inevitably loses the 'bus war' and exits the market. This also acts as a significant deterrent to potential entrants.

In the areas the Commission deems 'most affected by a lack of competition' they propose a shift to quality contracts in which they would consult with the Local Transport Authorities to assess whether they should take a more active role in facilitating competition, or in its absence, regulation.

Local authorities have a tendency to prefer quality contracts while operators favour a greater emphasis on regulation of predatory practices. The Commission's report concludes that actual conditions in and around the studied cities may justify the shift from an emphasis on competition to bus franchises or quality contracts. This move is seen as Douglas Adams style 'reverse-logic' by Peter Huntley of bus company Go-North East since the competition body would be promoting state-controlled monopoly conditions to eliminate all possibility of competition.

All sides in the debate are agreed that some changes are needed, and the report has outlined several steps to take including

increasing the number of multi-operator ticket schemes. There is evidence of some operators apparently seeming to obstruct local transport authorities from providing passengers with more choice through multi-operator tickets.

There have also been proposals to devolve Bus Service Operator Grant to more localised bodies to provide a fiscal lever to transport authorities over local bus provision.

Overall, it is hard to argue that breaking up Lothian Buses in the interests of promoting of competition would lead to any improvements for customers. The quest for active competition within the market should not come at the expense of the public interest.

"The quest for active competition within the market should not come at the expense of the public interest"



Time to End Modal Tribalism to grow the Scottish Transport Economy

By the Chartered Institute of Logistics and Transport Scottish Policy Group

A new report by CILT's policy group shows that economic recovery depends on adjusting to the reality of high cost transport fuels. The next 25 years will see the gradual ending of the oil dependent transport economy creating new incentives for a better managed approach to mobility.

In addition to increasing use of renewable electricity in transport, the report also calls for sophisticated management systems to make better use of infrastructure, and new information and payment systems to manage more flexible journey patterns.

Reliable journey times for freight are essential for improving the competitiveness of Scotland's exports. New information technology systems already provide the capability to manage networks and systems and need to be grasped quickly to make better use of capacity, prioritising travel for high economic value passenger and freight movement. Smart meters have already been tested in the car and lorry cabs to give discounts in tax and insurance for people who stay off the roads in peak periods. Smarter choices like this could become the norm saving billions on new infrastructure in the short term in times of austerity.

Congestion is the most inefficient approach to travel demand management and needs to be replaced with better managed systems. Demands from travellers can be better matched to the supply of transport to deliver growth in the transport economy. The railway network has started to use these approaches in setting ticket prices, and partly as a result is increasingly popular with travellers. Similar yield management approaches have achieved growth in the aviation sector. Encouraging people and freight to use available off peak capacity when they can, helps to free up peak capacity for people and goods. Much better efficiency is achievable on the roads for cars, lorries, buses and taxi travel.

"Smartphones (or their successors) and contactless bankcards will increasingly be used for payment so that prices can be varied by time of day and in real time"

Delivering these new flexible approaches will require new information and payment systems for collective mobility, integrating rail, bus and tram services with community transport, taxis, lift-sharing, and car clubs. The principles for success are customer focus, partnership and the flexibility to innovate. Smartphones (or their successors) and contactless bankcards will increasingly be used for payment so that prices can be varied by time of day and in real time to reflect the available capacity.

Scotland is particularly well placed to deliver the new more integrated business models that will be needed. As the home to two of the worlds largest transport operators and with a public investment programme in transport technology ahead of many of our competitors, there are new

opportunities for economic growth through investment in smart grids, intelligent networks, and driverless passenger and freight pods. With extensive remote areas, multi-modal solutions to facilitate access are not a new concept in Scotland, and planning these to meet the needs of all groups in society must recognise the growth in the proportion of older people looking to be driven rather than to drive.

"The future transport economy depends on transport professionals standing up with confidence, building the support within Scottish society for smarter choices, to ensure that pioneering projects happen quickly and efficiently"

In the short term Scotland can become a leader in this new transport economy by building on traditional Scottish strengths with a strong society, technological innovation and pioneering engineering delivery. In the past Scots like Telford and McAdam showed how to innovate in building transport networks. Pioneering approaches will include new communication networks woven through the transport systems, and a steadily increasing share of transport powered by renewable energy consolidating Scotland's world leadership in renewables. Just as transport's dependence on oil has contributed to the weakness of the world economy, so investing in these solutions will ensure that Scotland can lead the world into economic growth.

However Scotland also needs to learn from its past mistakes. Short term profiteering undermines investment in engineering innovation, and tribalism between rival perspectives could easily erode Scotland's potential. The future transport economy depends on transport professionals standing up with confidence, building the support within Scottish society for smarter choices, to ensure that pioneering projects happen quickly and efficiently.

