

Scope for Public Transport Improvements to Contribute to Increases in Economic Activity



Summary Report

Prepared for

**Welsh Assembly
Government**

by



in association with



**The Bartlett School of Planning,
University College London**

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0 EXECUTIVE SUMMARY

The Policy Recommendations of the study commissioned by the Welsh Assembly Government (WAG) regarding the scope for public transport improvements to contribute to increases in economic activity are as follows:

- **Transport** on its own will not regenerate areas that are not achieving economic growth in their own right, and this conclusion is particularly true where there is already a reasonably good quality network available. Further consideration should be given to ensuring that the best use is made of the existing network. New public transport services may be justified on social grounds to ensure essential access or to encourage behavioural change. Small scale initiatives to change travel behaviour patterns and encourage younger people to access vocational training and, hence, employment, may prove most successful breaking inter-generational cycles of inactivity.
- **Accessibility** should not only be seen in its transport context, but also through the means by which suitable jobs can be located to near where people live. WAG has been particularly active in this respect, but there is a limit to the degree which investors can be attracted to the Valleys. Most jobs are, not unusually, located in car accessible locations, and not necessarily near where the inactive live. Measures to enable private vehicle usage, normally powered two-wheelers, can play a valuable role in supporting the transition to work by providing flexibility for new employees. Concerns over potential environmental impacts may be offset by some form of network wide road pricing.
- **Corridor and Interchange Development** seems to be most appropriate in the Welsh Valleys as a result of the local topography. High levels of accessibility can be achieved through development along transport corridors, with employment being located at or near to the key nodal points. In addition, as development takes place there may be opportunities for improving transport services between two linked major centres (for example Methyr and Cardiff).
- **Service Quality.** All services must be seen as part of a network, and reliability and frequency must reflect the requirements of the whole workforce including shift-workers. Employment led objectives need to be central to the funding and maintenance of services. Perception is often as significant as the reality of service quality and initiatives to encourage travel behaviour change may help to raise awareness of the services which are already available. Working with younger people who may be more receptive to changes in behaviour may prove most effective.
- **Engagement of Stakeholders** is important as employers and training (and educational) institutions all have responsibilities along with public sector agencies to explore the means by which low activity levels can be addressed. Outreach work with economically inactive people, especially those still in the education system, to ensure that they are aware of the services needed to facilitate access to

employment, and to support the transition from education to employment will be essential to achieve longer term change.

- **Achieving and Monitoring Change.** There is a clear need for monitoring and ex post analysis of impacts over time to establish the mechanisms at work although difficult questions such as causality and transferability of results are often problematic.

1 INTRODUCTION

This report has been prepared by Transport & Travel Research Ltd (TTR) in association with University College London (UCL) as the final input to a study commissioned by the Welsh Assembly Government (WAG) regarding the scope for public transport improvements to contribute to increases in economic activity.

There are high levels of economic inactivity in parts of Wales, notably the South Wales Valleys. These appear to be disproportionately related to low skills levels, and associated with unusually high levels of dependency on incapacity benefits. In previous research, transport issues have been identified as an explanatory factor in this regard. This research seeks to understand a number of key questions:

- Is transport a constraint to employment in these areas?
- If so, why is it a constraint?
- If there is a constraint, how can it be overcome?
- What impacts might be achieved through potential solutions?
- What policy lessons can be learnt?

The study has reviewed both local and non-local evidence, and addressed the issues in discussion with local service providers and users.

2 SUMMARY OF EVIDENCE

It is intended that this report will provide clear guidance on the degree to which investment in public transport can stimulate employment. This final report draws on the three main study inputs, namely the literature review, stakeholder workshop and research conducted with the economically inactive.

2.1 The literature review

A structured literature review has been conducted and forms an essential knowledge base upon which the findings of this report are based. The review was structured to directly address the main concerns of the Welsh Assembly Government, namely to understand the means by which public transport improvements can contribute to increases in economic activity.

This review explored the different and evolving theoretical contexts, and expands on the issue of scale and the methods that have been used at the national, regional and local levels through the development of a “family” of modelling approaches. The review explores the evidence in three major sections, the first on the employment and economic growth effects, the second on the competitiveness and business location effects, and the third on the property and land market effects. The literature review concentrates on the empirical evidence and attempts to draw out the main overall findings through the concentration on “good research” and where data have been used.

2.2 Stakeholder Workshop

In order to ensure that the desk-top research undertaken reflected accurately the experience of those working in the sector, a small workshop session was convened with a range of key stakeholders. This session examined each of the research questions, and enabled wider discussion of the issues. Due to some stakeholders being unable to attend the event, follow up telephone interviews were undertaken to supplement the information gained through the seminar discussion. The consultees in this phase included:

- Education and Learning Wales (ELWA);
- Jobcentre Plus;
- Careers Wales;
- Merthyr Tydfil County Council ;
- Cardiff Council;
- Caerphilly County Council; and
- Welsh Assembly Government.

2.3 Research with the Unemployed

Having completed study inputs one and two, there remained an identified need to undertake primary research in order to explore in greater depth the ways in which transport is a constraint to the unemployed. Jobcentre Plus was approached with respect to conducting this research which would be conducted with jobseekers, whether or not on incapacity benefits, who have some enthusiasm for returning to the labour market. The specific objective was to examine whether, for some people, transport is a genuine constraint.

The Jobcentre office at Merthyr and the outreach centre at Treharris were chosen as suitable locations from which to conduct the research. The methodology for conducting this research was based around two activities being carried out. The first, a group discussion with Jobcentre staff, made use of the staff's considerable experience and local knowledge to provide an insight to the constraints presented by transport in the Merthyr area. Face-to-face interviews were conducted with jobseekers and followed a structured set of questions which reflected the study's objective to identify the specific nature of the transport constraints present and its role in influencing economic activity rates. Unfortunately, given the time available, Jobcentre Plus was unable to administer a further questionnaire survey on behalf of the study team.

The outcomes of the research do not provide a statistically reliable set of results, but provide first-hand examples of the issues faced by unemployed people who are seeking work.

3 CONCLUSIONS

3.1 Is transport a constraint to employment in these areas?

It is clear that transport is a constraint to employment but that for the majority of economically inactive people it is not the primary constraint. The Welsh Assembly Government should seek to improve transport links between areas of deprivation and areas of potential employment and training in order that people:

- who do wish to work, and are able to work, can access employment opportunities;
- who do wish to work, but are unable to work, are able to access the healthcare and training facilities which might enable them to enter the employment market in the longer term.

Whilst transport is not the key factor in the low levels of economic activity in the Welsh Valleys, non-transport initiatives to encourage economic activity will be less likely to succeed if transport constraints are not overcome. The Welsh Assembly Government should support initiatives to improve access to economic opportunity whilst recognising that the benefits of such initiatives will be experienced in the longer term.

3.2 If so, why is it a constraint?

Transport is a constraint to employment for a number of reasons:

- Even though overall levels of unemployment are relatively low, residents of the South Wales Valleys live in an area where the traditional sources of employment have declined and this may have helped create a culture of long-term inactivity. Alternative employment is not available within the perceived travel horizon and skills range of the unemployed.
- Employment opportunities are clustered along the coast, and in other key centres. Efforts to encourage inward investment in other areas are restricted by poor access to those sites, which hampers business operations.
- The local geography greatly restricts the scope for Inter-Valley transport and tends to lead to a network radial, which in turn results in longer journey distances and time by public transport.

The Welsh Assembly Government should continue to encourage the location of employment sites that are not dependent on road access for goods or products within selected nodes in the Welsh Valleys. Where such nodes exist these should be encouraged to grow and supported by improved access.

3.3 If there is a constraint, how can it be overcome?

There are many initiatives to improve access, drawn from experience around the country and in South Wales. These fall into a number of categories:

- New Infrastructure: this is a relatively minor element as the dispersed geography of the region is not conducive to the implementation of major infrastructure projects
- New and improved services: the emphasis must be on revenue support for services, both in terms of conventional transport which may not currently access key destinations or operate at the correct times of day, and on innovative transport solutions based on flexible demand responsive services, shared taxis, car share schemes etc
- Schemes to enable private vehicle usage such as Wheels to Work, support for driving lessons and vehicle ownership.

Schemes which promote the use of private vehicles may be controversial as they have the potential to create conflict with policies to support more sustainable transport modes. By enabling the economically active members of the population to travel out of the Valleys they would reduce the client base for local services, leading to continued decline. On the other hand, they may help to prevent outward migration from the Valleys which would further undermine the economic productivity of the resident population. There is little conclusive evidence on the overall impacts of such schemes. The opportunity to use Wheels to Work, particularly for young people, however, may be essential if economic activity is to be encouraged to any significant degree.

3.4 What impacts might be achieved through potential solutions?

The impacts on investment have been considered at three levels.

- At a *macro* level, (ie when considering employment and economic growth) accessibility changes are important when considering employment and economic growth, but work in both directions and might abstract labour as well as attract it. Therefore transport investments should primarily be for transport objectives rather than wider economic and social objectives.
- At a *meso* level, (ie when considering competitiveness and business location), it is important to remember that transport costs are a small part of firms' total operating costs – hence the tendency for outsourcing, just in time and logistics. In business location, there is an interdependence of factors of which transport is only one. On the other hand, transport costs related to reliability and congestion are important. Most firms relocate within their local area, where land and good skills are available.
- Finally at a *micro* level, (when considering property and land value change), the catchment area for impacts differs with type of development and

the scale of investment influences impacts. The attribution of impacts is difficult and similar investments will not have the same outcomes. Methods are available for analysis, but are dependent on high quality individual transaction data.

Therefore an increase in accessibility will not achieve economic growth on its own. It is only where the economic and political climate are conducive to growth that it has a real impact, particularly where, as in the case in the Welsh Valleys, the existing public transport infrastructure provides only poor levels of accessibility and acts as a constraint to such growth. Under such circumstances, improvements to existing transport infrastructure will have a further impact on economic growth. But where the economic, investment and political factors affecting growth are not in place, transport investment alone will have a limited impact.

Consultation with stakeholders has confirmed that a proportion of those who are economically inactive are disadvantaged by public transport. In view of the governmental intentions to encourage a return to work, the lack of public transport does pose a residual barrier in those areas where there has been investment to overturn other economic and social barriers.

3.5 Policy Recommendations

Overall, we would stress 6 specific policy recommendations as a result of the study. These are as follows:

Transport on its own will not regenerate areas that are not achieving economic growth in their own right, and this conclusion is particularly true where there is already a reasonably good quality network available. Even in the Welsh Valleys, the radial transport network is of a high quality and density, certainly to where the main employment centres are located (in Cardiff and along the coastal strip). On the other hand, service provision may not make best use of the available infrastructure, and smaller employment centres may not be fully served, particularly outside peak hours. Therefore, transport is clearly a constraint to economic activity in some respects. Further consideration should be given to ensuring that the best use is made of the existing network, in terms of giving priority to public transport, to demand management, to encouraging more flexible use of available cars, and to service innovation. New public transport services may be justified on social grounds to ensure essential access or to encourage behavioural change. Therefore it is recommended that the WAG encourages local authorities and JobCentres to focus on raising awareness and understanding of transport options amongst people who are currently, or at risk of becoming, habitually inactive - particularly if they could benefit from vocational training and employment initiatives.

Accessibility should not only be seen in its transport context, but also through the means by which suitable jobs can be located to near where people live. WAG has been particularly active in this respect, but there is a limit to the degree which investors can be attracted to the Valleys. Most jobs are, not unusually, located in car accessible locations, and not necessarily near where the inactive live. For those who can afford to run a car, the job market seems to be much more open and accessible

than for those without a car available. Empirical evidence from across the UK has demonstrated that measures to enable private vehicle usage, normally powered two-wheelers, can play a valuable role in supporting the transition to work by providing flexibility for new employees. Driving skills, moreover, represent a useful skill in the labour market. In general, the scale of such schemes has not been significant enough to demonstrate any wider social impacts although there remains a concern amongst local authorities that measures to promote private modes of transport will undermine wider environmental and social policies. Concerns over the potential environmental impact of such an approach may be offset by a fairer and more efficient approach to transport provision based around some form of network wide road pricing, which would also generate revenues to support essential public transport.

Corridor and Interchange Development seems to be most appropriate in the Welsh Valleys as a result of the local topography. High levels of accessibility can be achieved through corridor development with employment being located at or near to the key nodal points (such as interchanges for road and public transport). Such a strategy tackles the accessibility issue and it counters evidence of the localised impacts. Most development that is transport induced or transport related results from being located within walking distance (400-800m) of these key nodes. It should also be realised that different impacts result along the corridor, as there are different conditions applying to each location. The literature suggests that there is no uniformity of impact and that differential effects are to be expected in the corridors and even outside the corridor. In addition, there may be opportunities for improving transport services between two major centres (e.g. Methyr and Cardiff), with those settlements along the route benefiting from a higher quality of service than they would have in their own right. This is an example of the benefits of the corridor configuration of the network in South Wales and where a normally adverse geography can be used to advantage.

Service Quality is important to gain the confidence of the users. This means that services must be seen as part of a network, and that reliability and frequency must reflect the requirements of full time and part time workers, as well as shift workers. Such workers are particularly vulnerable to poor quality bus services, and employers show little sympathy for problems with public transport provision. There needs to be some strategy and consistency, as continuously changing services often result in loss of confidence and patronage. Clear employment led objectives need to be central to the funding and maintenance of service quality. Perception is often as significant as the reality of service quality and initiatives to encourage travel behaviour change may help to raise awareness of the services which are already available. Working with younger people who may be more receptive to changes in behaviour may prove most effective.

Engagement of Stakeholders is important as employers and training (and educational) institutions all have responsibilities along with public sector agencies to explore the means by which low activity levels can be addressed. Businesses are primarily driven by increases in efficiency and productivity, and transport costs are often not a major component of operating costs. Even so, savings in transport costs do contribute to productivity and efficiency gains. In business location decisions, there is an interdependence of factors, one of which is transport. Increasingly, there are requirements on firms to provide opportunities for minority and excluded people, so

further discussion about the particular situation in the Welsh Valleys should be encouraged. Examples of good practice and demonstration effects need to be well publicised and implemented. Closer engagement with unemployed people would allow the JobCentres to both identify suitable job opportunities and the means to access them. Such engagement is particularly important for those still in education and likely to seek employment when they leave school. Part of that preparation could be better information about the available public transport services.

Achieving and Monitoring Change. In addition to trying to unravel the complexity of these interrelationships, while at the same time acknowledging the uniqueness of location, it is difficult to come to clear conclusions as to precise levels of benefit. All analysis and interpretation needs to acknowledge limitations, and there is a clear need for monitoring and ex post analysis of impacts over time to establish the mechanisms at work, although difficult questions such as causality and transferability of results are often problematic. Time based analysis allows causality to be inferred, but there are also potential dangers of double counting benefits. Central here is the confidence with which one can conclude that there has really been value added in terms of new jobs, or whether there is only a redistribution of existing jobs as a result of the transport change. In the Welsh Valleys, it may be easier to conclude whether there has been a real gain, resulting from an increase in the existing low levels of activity, as every person placed in a job should be a net gain, and transport may have contributed to that net gain. It is important that the Welsh Assembly Government recognises that such transport services are an essential component of the process of encouraging the economically inactive to return to work and, as such, represent a social, rather than a purely transport service. Such services are likely to remain non-commercial for a considerable period, if not indefinitely. Service provision needs to take account of the geography, and the social history of the area. Benefits that are achieved will be mainly on the micro level although such modest changes in behaviour are essential to achieve a longer term shift in expectation and behaviour at a macro level.