



# Partnerships between operators and public transport authorities. Working practices in relational contracting and collaborative partnerships



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## ABSTRACT

Recent research on public transport has seen increasing focus on issues like coordination, collaboration and steering in complex governance settings. One of the themes in this field of research is related to partnership approaches, as one way of stimulating functioning collaboration between formally independent private and public organisations. The aim of this paper is to explore the role and function of partnerships as a way of supporting well-functioning public transport networks and services in fragmented institutional settings. The empirical focus is on partnerships between operators and public (transport) authorities in two different legal settings: England and Sweden. The analysis is based on interviews with operators and public transport authorities in two metropolitan regions in each country where innovative partnership working has been developed to deal with various types of barriers to delivering better public transport. The results show the key qualities of these partnerships that are required for them to function. Although the regulatory contexts are very different, the partnership qualities are very similar in both cases.

## 1. Introduction

Well-functioning public transport systems result from network-oriented planning and management. The principle of network-oriented public transport is that every route should effectively and directly serve a specific flow of passengers, interlinked with the rest of the system to provide maximum transfer accessibility (see Mcleod et al., 2017 for an overview of planning principles). However, an important institutional characteristic of public transport is that its control is divided between several organisations. Institutional reforms in Western European public transport (van de Velde, 1999, van de Velde and Wallis, 2013) have made it difficult to establish functioning public transport systems due to organisational fragmentation that results in coordination problems, for instance between regional and local authorities and operators. In some countries, this has resulted in more fragmented transport operations on the ground (O'Sullivan and Patel, 2004, van de Velde and Wallis, 2013). In consequence, recent research on public transport has seen increasing focus on issues like collaboration and steering in complex governance settings (e.g. Sørensen and Longva, 2011, Hrelja et al., 2016, Hrelja et al., 2017).

One of the themes in this field of research is related to various partnership approaches, as one way of facilitating a functioning

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collaboration between formally independent private and public organisations, regardless of the legal setting in which public transport operates (see e.g. Stanley and van de Velde, 2008, Hensher and Stanley, 2010). Examples of issues that are supposed to be managed through partnerships include, for example, service quality and reliability, increasing patronage, customer satisfaction and so on. (Davison and Knowles, 2006, Rye and Wretstrand, 2014).

The aim of this paper is to explore the role of partnerships as a way of supporting well-functioning public transport, and to analyse the working relationships and working practices that these partnerships build upon. The empirical focus is directed towards partnerships between operators and public (transport) authorities in two different legal settings: England and Sweden. The paper is based on interviews with operators and public transport authorities in two metropolitan regions in each country where innovative partnership working has been developed to deal with various types of barriers to delivering better public transport. The partnerships exhibit characteristics of what in previous research has been described as ‘relational’ or ‘collaborative’ partnerships in which social learning processes and collaborative qualities – such as trust and joint working towards shared goals – are claimed to be important aspects when explaining the outcome of the partnerships (see Section 2).

Analytically the paper summarises the current literature on relational contracting and collaborative partnership workings, which is then compared to the analysis of real world experiences of partnership working in England and Sweden. The paper describes working practices in the English and Swedish partnerships and analyses how agreements about working practices are made, the role of trust in the partnerships and whether or not the partnerships have facilitated joint action compared to the situation that preceded the partnership.

## 2. Market reforms and new forms of partnership

In recent decades, public services in countries across Europe have moved away from state ownership and management and towards deregulation, privatization, and the introduction of competition. This is the case in public transport. Transport authorities usually retain the power to define transport services—for example, the definition of the social function of public transport—but the introduction of deregulation means public transport system operators are entitled to create new transport services independently of public transport authorities. The role played by such market regimes is expanding in Europe, for example in Germany, having been first introduced in the UK (outside London) in 1986 (van de Velde 2014). A watered-down version was introduced in Sweden in 2012, since when regional public transport authorities have been entitled to define public service obligations for services in its area, which means that it announces which services it intends to put to contract. This new legislation also allows operators to initiate new lines on a commercial basis. Public transport has, thus, become a service supplied by a market or involving profit-driven organizations. Governance in public transport is unavoidably more complex when organizations with differing logics are involved.

The transition from publicly planned and managed public transport towards more market-driven public transport systems has generated demands for new forms of control and governance. The development of various partnership approaches, as one way of stimulating a functioning collaboration between formally independent private and public organisations, can be seen as a consequence of the reforms in European public transport. For example, in the UK over the past 10 years, it has become typical for local public transport-coordinating bodies, bus operators, and local authorities to form what are known as voluntary quality partnerships to improve bus services in urban areas. These Bus Quality Partnerships (BQPs) are based on a memorandum of understanding and have no legal status. The local authorities can legally require bus operators to deliver quality improvements as a condition for the use of infrastructure, for example bus lanes; however, in practice very few have done so. Most have, instead, brokered voluntary agreements, not seeing the additional benefits of a statutory partnership due to the legal complexities. In addition to a growth in passenger numbers, these voluntary partnerships have resulted in improved driver training and customer service, bus priority, and newer and cleaner vehicles. However, it is hard to isolate how much of this is due to the quality partnership (Rye and Wretstrand, 2014). See also Section 3 of this paper for a discussion on how one measures the effectiveness of a partnership). These partnerships in the UK raise analytically interesting questions about how to enable successful partnership working between formally independent private and public organisations, and the role different forms of control and working relationships may play. For example, what is the role of working practices that are explicitly stated and regulated in formal frameworks (such as contracts), and what is the role of working relationships that are not explicitly stated but still influence collaborations substantially (such as norms, traditions, trust, etc.) in establishing functioning partnership working?

Such questions have already been raised in previous research on contracting in public transport which has discussed advantages and disadvantages of various forms of contracting, from formalised, tightly specified contracts to more flexible ‘relationship’-based contracts between organisations as a way to maximise goal achievement (Hensher, 2010, Merkert and Hensher, 2013, Chung and Hensher, 2015, Stanley and van de Velde, 2008). The latter research calls for ‘trusting partnerships’ (Dementiev, 2016, Hensher and Stanley, 2010, Stanley, 2010, Stanley and Hensher, 2008, Walters, 2010) or more ‘relational contracting forms’ between public transport authorities and operators:

[...] focussing (sic) more on agreement about the contracting process rather than attempting to write down complete contracts. In part this reflects recognition that overly detailed specification of contractual obligations, with associated KPIs, may distract operators from pursuing the high level goals that are the real purpose of service provision. It also reflects a recognition that it is not possible to fully specify contractual obligations and that, over time, flexibility and a relationship built upon trust are more likely to be effective in high level goal achievement [...]. In all cases of relationship-based contracting, accountability, transparency and incentives to performance are critical, to minimise risks of authority capture by the operator. (Stanley and van de Velde, 2008, p. 22).

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