

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, Scheurer & Curtis 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 & 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 & Patel 2004, van de Velde & 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 & 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 collaboration between formally independent private and public organisations, regardless of the legal setting in which public transport operates (see e.g. Stanley & van de Velde 2008, Hensher & 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 & Knowles 2006, Rye & 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 & Hensher 2013, Chung & Hensher 2015, Stanley & van de Velde 2008). The latter research calls for 'trusting partnerships' (Dementiev 2016, Hensher & Stanley 2010, Stanley 2010, Stanley & 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 & van de Velde 2008, p. 22).

This quote neatly sets out features of relational contracting, including a move away from detailed contract specification and a greater focus on high levels goals, the centrality of trust, the importance of accountability and transparency. Each of these features is complex and the subject of significant research of which work in relation to transport is just one section. In the following sub-section, we turn to this wider body of research in order to provide an account of relational contracting and its components. This account then informs our empirical analysis of practices of public transport partnerships and provision.

2.1.1 On relational contracting and collaborative partnership working

In the late twentieth and early twenty first centuries many European countries have seen moves from direct government provision of public services towards greater privatization and public-private provision in which government secures services from private or non-governmental organization not only in the public transport area. For its proponents, privatization and contracting out public services to private sectors, would bring efficiencies from processes in which private organizations compete with each other to provide services, and this would enable a move away from the bureaucracy which is assumed to hinder public sector efficiency (see Considine & Lewis 2003, Mueller 2003, and for a critique see Thompson 2008). Yet there has been increasing concern about the forms of procurement and provision associated with this privatisation and contracting, especially in relation to its capacity to effectively provide services in the public interest. In response to these concerns there has been an increasing focus on developing forms of collaborative and relational

contracting and partnership working in public services in general (see for instance, Kelly 2007, Lenoble & Maesschalck 2010, de Schutter & Lenoble 2010, Vincent Jones 2013).

The turn to collaboration and relational contracting is based on a critical analysis of how changing assumptions about actor behaviour and motivations offers prospects for addressing many of the problems associated with privatisation and public private provision. The assumptions which have dominated thinking about contracting held that private companies will act as 'rational self-interested' actors. Therefore it is argued, contracts for services need to tightly specify each aspect of provision and distribution of risk, and need to include mechanisms such as performance indicators (intended) to enable close assessment of contract compliance. This is because contracting parties cannot be expected to do anything beyond what is specified in the contract, and because it is assumed that contracting parties will be opportunistic given the chance. The high level of specification is required in order to enable tight checks on whether each side has done what has been agreed (see for instance Gilson et al. 2010, de Schutter & Lenoble 2010). One risk of this approach is the fairly straightforward point that avoiding contractual ambiguity is a difficult matter. As many authors have argued, it is almost inevitable that a contract will fail to provide adequate specification to cover every aspect of service delivery, not least because the few people designing the contract will not (cannot) have full knowledge of everything that may happen in relation to the service (see for instance Gilson et al. 2010, Lenoble & Maesschalck 2010, Sabel 1994, Van Slyke 2009). Moreover, this approach presents a barrier to learning, and importantly also the application of learning, in the lifetime of the contract. Simply, if the aim is to anticipate and prescribe a response to all eventualities in the construction of the contract, then any learning along the way cannot be acted upon (e.g. Sabel 1994, Van Slyke, 2009).

This apparently obvious point has, according to some, far reaching implications for the ways in which public and private or non-governmental organizations should contract and form partnerships for service provision. The argument for a different approach can be summarized as follows: (a) if, as seems probable, it is not feasible to design a contract which fully specifies what should happen in every possible turn of events, and (b) if there remains an intention to involve private or non-governmental organizations in delivery of public services, then (c) there is a need to reassess the view that actors (in this case private, or non-governmental organisations) are expected to act in the 'rational self-interested way' previously assumed. For advocates of this different, relational, approach to contracting, there is no suggestion that companies would cease to act in their own interests, but there is an expectation that they consider how their own interests can align with broader (public interest) objectives. The idea is that contracting parties agree to a partnership involving high level goals, and to a processes of decision making throughout the course of the project which involve collaboration and deliberation aimed at working out how to deliver a service which meets those goals while providing fair terms for the provider (see e.g. Gilson et al. 2010, Lenoble & Maesschalck 2010, Vincent-Jones 2013, Vincent-Jones & Mullen 2010).¹ So the contracts are less highly specified and more reliant on process. As Van Slyke (2009) explains, a move to a more relational and collaborative approach need not mean giving up all elements of specification and performance indicators, and contracts may involve a combination of the different approaches. The idea is that this allows parties in the partnership to manage and consider how to respond to events or factors not fully anticipated at the point the contract was

¹ It is worth noting that relational contracting reflects the broader idea of deliberation and deliberative democracy. Deliberative democracy in which the aim is to establish processes of deliberative decision-making among citizens so that decisions can be justified to everyone affected (see Chambers 2003, Habermas 1998). There is also a literature around similar concepts and ideas that are central in deliberative policy analysis and that addresses the concept of deliberative policy making, within a framing of deliberative democracy (e.g. Bohman 1998, Dryzek 2000, Fischer 2003, Hajer & Wagenaar, 2003, Hajer & Versteeg 2005).

signed, and that it allows the possibility of applying lessons learned during the contract period.

Clearly this relational contracting places substantial weight on the integrity of the process of decision-making, and there are associated risks. In part this is because it is recognised that there are risks that one side is persuaded to accept decisions which favour the other and which others would hold unfair and perhaps at odds with the goals of the contract (see e.g. Gilson et al. 2010, Grafton & Mundy 2017, Stanley & van de Velde 2008). The risk of this becomes more acute if there is a power imbalance between the partners (Van Slyke 2009). However there is also potential that even with goodwill, between them the partners are unable to arrive at decisions which effectively realise the goals. To address these risks, advocates of relational contracting emphasise the importance of transparency, including monitoring and benchmarking (Gilson et al. 2010, Sabel 1994, Van Slyke 2009). Such measures can provide a check that each actor is behaving with good will. Depending on the degree on transparency, they also have the potential to enable broader scrutiny of the extent to which the partners are making justifiable decisions and avoiding mistakes and weak reasoning (cf. Bohman 1998, Habermas 1998).

These forms of transparency and monitoring may suggest that within relational contracting, as within more traditional contracting, there is a lack of trust between partners. If so, this would appear to be at odds with the much discussed idea that relational contracting relies on trust (see Grafton & Mundy 2017). Arguably, however, the picture is more complex and nuanced. First, deliberation and collaboration involve a trust between the actors that they will avoid what Habermas would call strategic action (or debate) in which one attempts to win an argument by means other than reason, and instead engage in something closer to communicative action avoiding bias and seeking justifiable decisions (see Habermas 1998, Heath 2006, see also O'Neill 2002).² Relatedly, monitoring, benchmarking and other forms of transparency will always be limited and so as Van Slyke (2009) argues, they will involve ambiguity thus requiring a level of trust. Trust in this sense is not taken to be altruism. Nor is it something to be simply accepted, but instead is assessed by actors based on evidence and experience (see O'Neill 2002). For instance, Van Slyke (2006) also argues that this form of trust may result from ongoing relationships between partners, in which each can judge, over time, the extent to which trust is warranted. As such, each party can treat their long term interest as being trustworthy (see Choudhury, 2008).

There is a sense in which this form of trust is something primarily assessed by the partners. Nevertheless there is work suggesting that its presence or otherwise can be inferred by external actors with contract specification increasing in proportion to loss of trust between actors, and conversely specification decreasing where trust increases (Brown et al. 2007, see also Grafton & Mundy 2017).

While public transport research has given attention to the potential for relational contracting to overcome recognised problems of traditional approaches in the planning and management of public transport, there has been relatively little empirical analysis of relational partnership working as a way of doing collaboration. Empirically based analyses are especially important because of the context dependent character of partnership working. We will in the analysis of partnership working between operators and public (transport) authorities in England and Sweden investigate which are the important working relationships and institutionalised working practices, the role of trust in the partnerships and whether the partnerships have facilitated joint working towards shared goals.

² Further, if one function of transparency is using the minds of external actors to check for 'mistakes' in decision-making then in this respect it is not a matter of a lack of trust in the good-will of contracting parties.

3. Material and methods

The analysis is based on written sources and interviews. The written sources consist of annual reports, strategies and internal work descriptions of working practises in the partnerships. Seven officers were interviewed 2016–2017. The officers interviewed held partnership manager positions, which were key account manager, principal transport planner, and a business manager (bus). Of the interviews conducted in England one interviewee worked at an operator, one at a regional public transport authority and one at a metropolitan borough. In Sweden we interviewed two officers that worked at two operators and two that worked at a regional public transport authority. The interviews (1–1.5h long) were semi structured and based on an interview guide. Examples of questions asked were: What was it about the previous situation (without the partnership) that was sub-optimal?; What qualities have enabled effective working between organisations?; What organisational forms, routines, processes and arenas exists to facilitate collaboration between organisations?; Do the ‘partnership’ and ‘quality’ signal any deeper changes in objectives, roles or ways of working between organisations? All interviews were recorded and transcribed.

The reason to analyse these partnerships are that they are seen by participants to be relatively effective examples of partnership working that have supported the development of well-functioning public transport. Previous research has tried to measure the effectiveness of partnerships in the UK by assessing changes in patronage, profitability, reliability, cuts in journey time, improved vehicle quality and customers’ satisfaction (Rye & Wretstrand 2014, Preston 2014). The Birmingham Quality Partnerships that form one of the case studies in this paper also include KPIs on key factors such as passenger satisfaction, bus delay minutes, on-bus crime, and vehicle emissions standards. There is also a literature on effectiveness of contract based relations between public authorities and bus operators (e.g. Hensher, Ho & Knowles 2016), and on how events that were not fully anticipated, such as malfunctioning new buses, disturbances caused by passengers, extreme weather conditions and so on can influence quality outcomes in procured public transport (Jansson & Pyddoke 2010). This research is of special interest for the Swedish case because of the regulatory framework in Sweden (see description below). The effectiveness of partnerships based on contractual arrangements faced with such events that were not fully anticipated has been measured by the number of cancelled departures, punctuality and passenger satisfaction (Jansson & Pyddoke 2010). However, in this paper we have not analysed the outcomes of the case study partnerships in terms of increased ridership, higher customer satisfaction etc. The aim of this paper is more about understanding the collaborative ‘qualities’ that can facilitate functioning collaborations and, based on this, to provide practice-based suggestions for successful partnership working. In addition, these partnerships have been developed in different institutional contexts. The basic regulatory framework in Sweden is franchising with gross cost contracts while Britain BQPs do not involve any element of procurement or tendering. Buses are run by private operators in a deregulated market (see next paragraph for a detailed description). However, both partnerships have the aim to bring together regional transport organisations, operators and in England cities, to improve bus services to everyone’s mutual benefit. The fact that similar partnership approaches have been developed to deal with barriers to delivering better public transport in different institutional settings makes a cross-country comparison of analytical interest.

4. Results

4.1 Background to the cases. The institutional and regulatory landscape for local public transport in Sweden and England (outside London)

4.1.1 England – organisation of public transport

As this paper deals with partnership working in the bus sector, the description of the organisation of public transport is limited to buses. The basic regulatory framework for local buses in Britain outside London was set up under the 1985 Transport Act and has received much attention in the literature, so only the briefest summary is provided here.³ The Act replaced a regulated subsidised public monopoly situation with one where any profit-making operator could register and run a bus service, based on the theory that on-road competition amongst many operators would drive down operating costs, improve service quality, cut fares and subsidy, and attract new ridership. The public sector would not intervene in the market but would just provide “socially necessary” services where these were not provided by the market.

As explained in more detail by van de Velde & Wallis (2013), the first regulatory modification to this basic situation was introduced in the Transport Act (2000) (or 2001, in Scotland). This legislation allowed local transport authorities (municipalities with transport powers) to require operators to provide a minimum level of information about their services; to provide a multi-operator integrated ticketing scheme, although not one that provided fares lower than single operator tickets; and/or to enter into a binding Statutory Quality Partnership (SQP) scheme with the local authority to improve the quality of bus services in a designated area. Quality could cover aspects such as vehicle specifications, infrastructure, cleaning, information, driver training, parking enforcement en route and at stops and so on but, crucially, not service levels/frequencies or fares – these latter remained wholly controlled by operators. Finally the Act provided powers for local authorities to apply to national government to move from the deregulated situation to one with franchising of local bus services, more on the Swedish model – so-called Quality Contracts. These powers were modified, making them a little more straightforward to use, in the 2008 Local Transport Act.

With the exception of the power on information, all these powers have been very little used and indeed no quality contract has ever been introduced. From the late 1990s onwards, however, there was a rapid growth in the number of local voluntary quality partnerships between local authorities and bus operators aimed at achieving much the same as an SQP, but without the attendant legal risks and costs. In the English context it is partnerships of this nature that are the main focus of this paper.

4.1.2 Sweden – organisation of public transport

The Swedish organisation of public transport entails municipal authorities and county councils in each county sharing the financial and political responsibility for public transport. New public transport legislation was introduced in 2012 (SFS, 2010). It has been described as a ‘hybrid deregulated regime’ (van de Velde 2014). The aim of the legislation is to prevent public transport being viewed as an end in itself, and instead as a means to achieve policy objectives and to be coordinated with other policy areas. The legislation requires regions to establish a Regional Public Transport Authority (RPTA), which is responsible for the strategic planning of public transport – manifested in a Regional Transport Supply Programme (RTSP) that covers both commercial services and services to be contracted. Based on the RTSP, the RPTA is entitled to define Public Service Obligations (PSO) for services in its area, which means that it declares which services it intends to submit to contract. The tendered contracts are financed by regional income tax and from fares. In the Swedish context, it is partnerships between RPTAs and contracted operators that are the focus of this paper. In addition to the tendered contracts, the legislation allows operators to initiate new lines on a commercial basis. The RPTAs must be notified about such services with a 14-day period for entry and exit

³ The interested reader is referred to Preston (2008) for a much fuller analysis of the process, and its effects.

registration. Information about the service has to be integrated into the common passenger information system (SFS 2010:1065).

The reforms in England (outside London) and Sweden thus reflect the institutional reform changes in Europe towards deregulation, privatization, and the introduction of competition – and in both countries there have been attempts to deal with potentially sub-optimal outcomes of these institutional structures by means of partnerships between operators and public transport authorities. We will in this paper analyse two partnerships between operators and public authorities, a BQP in Birmingham in England, and a partnership in the Västra Götaland region in Sweden called the ‘Västtrafik model’.

4.2 Partnership working in Birmingham

Birmingham is the largest city in the West Midlands, an urban region in west central England, approximately 200km northwest of London. The population of Birmingham is 1.1 million, with a further 1.8 million in the surrounding urban region. Administratively the urban region is composed of 7 directly elected local authorities with powers over the local roads infrastructure and spatial planning; and a regional public transport coordination body called Transport for the West Midlands (TfWM) which is governed by a board of councillors (local politicians) from the 7 local authorities. Finance for local transport comes primarily from central government to these local and regional bodies; local tax raising and borrowing powers are very limited.

Bus services are owned, organised and operated in the deregulated regime outlined in Section 4.1.1, and the dominant operator with over 80% of the market is a company called National Express West Midlands (NExWM), a subsidiary of the global bus and coach operating group National Express, which is itself headquartered in Birmingham.

Partnership working in Birmingham has taken place mainly between TfWM and NExWM, with some limited input from the local authorities, the main exception being Solihull, to the southeast of Birmingham itself, but also involving other smaller operators. The partnership developed out of a dissatisfaction on the part of the local authorities and TfWM with what the bus network was delivering previously; and from a gradual realisation on the part of the bus operators that if they were to grow their overall market, there was a need to work with the public authorities. This was explained very clearly by one of the interviewees:

What was suboptimal in the old arrangement where we didn't have partnerships. By definition we didn't have that collaboration. National Express West Midlands would purely make decisions down to commercial imperatives which suited their balance sheet and failed to take on board any of our objectives or outcomes that we were seeking as a result of public transport or specific development in Solihull which we wanted to try and focus around public transport. In essence we didn't have any communication with them at all; we would just get notified periodically of bus service changes that would be done as a commercial decision to them, and we would never ever have had any input into that. National Express West Midlands have had a very risk averse culture; as a result it was very, very difficult to get them to do anything that slightly increased any financial risk to them (Local authority representative).

The partnership developed in stages and has been defined in published partnership documents, some of which have been quite detailed, although interviewees traced the increase in partnership working back before the release of the first document in 2010, to around 2008 when the Local Transport Act 2008 made partnership working both more possible (because prior to that some forms of partnership working could have been defined as illegal anti-competitive collusion between private companies) and, from the point of view of operators, more necessary if they were to avoid the threat to their profitability and market share of a

move to a franchised system. Another reason was changes in personnel. Thinking about how the partnership began, the TfWM employee interviewed stated:

Prior to 2008 relations were quite fractious between the Public transport authority and the main operator. I think partly that was due to historic reasons. I think when deregulation occurred in 1986, very much partnership was not encouraged, in fact quite the opposite. A lot of personalities from that time were still around into the 90s, into 2000s but I think as time moves on personalities change realising it's better to work together (TfWM representative).

The first partnership document was a 74 page document, Transforming Bus Travel (TBT), published in 2010 (Centro, 2010). This was produced by TfWM (at that time called Centro) with the input of all the main bus operators in the region. It “sets out how, with partners, we can improve the quality of bus travel in the West Midlands through a passenger focused transformation” (p.3). The document also noted that:

Delivering an agenda for change requires leadership... Delivering a world-class bus network will involve ambition, a can-do attitude from people at all levels, and a shared purpose of achieving the desired future (p. 64).

This shared purpose was mentioned by several interviewees, such as the local authority representative, who said:

There's much more impetus for them [the operators] to start delivering to more wider shared outcomes rather than we're a commercial entity, we're only going to take decisions based on that. Well it's not for any commercial benefit to them, some of the decisions that they've had to take. I think it has actually just been in the spirit of partnership and collaboration, and I think there has just been a change of culture within some personnel (Local authority representative).

TBT set out an agenda for changes to bus services in the region, without being too detailed about exactly what had to happen where. It was more of a call for action than a precise action plan. It is important to note that it makes clear that the legislative framework, which changed somewhat under the 2008 Transport Act, provides the legal tools to TfWM to improve the network through franchising if a partnership approach fails to deliver. This made it clear to the operators that they, as well as the public authorities, were expected to “up their game” and work together or otherwise face a move to a different regulatory framework. That the operators saw the necessity of responding positively to this possibility was confirmed by the interview with NExWM:

It basically wipes out a third of National Express' global profits, franchising. Then the focus became how do we mitigate that political risk. TBT2 started that, that's what changed with the Alliance [a more developed partnership described below], that's why the Alliance moved it up a gear, that's why it was five years, that's why it contained much bigger, bolder promises because we saw the risk as being more significant (NExWM representative).

TBT was coincident with a series of 11 “Network Reviews” where the bus services in specific local areas were considered in detail, public consultation and participation were carried out, and TfWM, operators and local authorities as a result committed (in local voluntary quality partnership agreements) to a number of quality improvements. These typically included new and cleaner vehicles, sometimes revised route networks where buses were concentrated on key corridors to provide high frequency services, real time passenger information, smartcard

ticketing, more security staff, and secure and comfortable bus stations and stops. Some 12 operators were involved in one or more of these quality partnership agreements.

In 2013–2014 TBT was superseded by a further partnership document (one for each main operator) called Transforming Bus Travel – Partnership Plus. Compared to TBT, the document was shorter, contained many more specific commitments from operators and TfWM (for example, the implementation of bus priority on specific corridors, or the purchase of a specific number of new vehicles), and is much more clearly a joint document than was TBT. For example, there are several actions in the later document that commit TfWM and NExWM to joint funding of staff or initiatives. The later document also commits NExWM to limit fare increases to inflation plus 1 percentage point; it is extremely unusual for a bus operator to make publicly this kind of commitment that obviously has a direct impact on its profitability.

Finally in 2016 TBT was itself superseded by a partnership arrangement called Bus Alliance. Whilst supported by documentation (TfWM 2017) the Alliance is more an approach to partnership working, overseen by a high level joint board of operators, TfWM and local authority representatives and local politicians. It has a set of objectives and targets related to ridership, extent of the network, quality of service, ticketing, security and so on, but it does not spell out actions in detail, expecting these instead to be developed continually by the operational staff of the various parties, working together and overseen by the Alliance Board.

It was clear however from the interviews that the partnership documents are only one aspect of the partnership. They serve as a reference point, and also the differences between the documents give an indication of the way in which the partnership has developed over time, but the partnership really is principally seen as a way of working together to improve bus services. This also depend on day-to-day dialogue and face to face meetings between officers.

I think it's got stronger through the years as well such that now - some of their staff have passes for our building, they'll hot desk if they're in our office. Likewise, we've got passes for their building. This would have been unthinkable three or four years ago (TfWM representative).

A NExWM representative in a similar way emphasized the need for regular meetings that create an understanding of the partner's internal organisational conditions.

You've got to bring them with you. Let's have - you must have your weekly, or fortnightly, or monthly meetings with your opposite number [at TfWM] you must go through it, you must work out how do we evolve it. Recognise they've got political constraints, they probably know it's rubbish in some ways but they've got a councillor who's insisted they have this particular thing on a poster or whatever. Let's get 90 per cent there even though we can't get 100 per cent (NExWM representative).

The interviewees from the operator, TfWM and the local authority all had a tendency to compare the situation with some form of partnership (essentially, since 2008) to that when there was no partnership, rather than comparing what was achieved under each of the different partnership arrangements over time. The main advantages from the point of view of the public sector partners were that the bus operators were now, as a result of the partnerships, more responsive to requests from the public sector for additional service, or not to make cuts to services, or improved vehicles and so on. The key advantage cited by NExWM was to improve its image and thus head off the threat of franchising, but also that the commitments in the partnership meant that the public sector was more likely to deliver on bus priority, improved stop and bus station infrastructure, and improved marketing, than they would have without the partnership, and thus contribute to increased revenue or reduced operating costs

for the operator. This is not to say by any means, however, that the partnership always delivers what each side wants, or that there are not disagreements. For example, the public sector partners have a desire to upgrade the bus fleet to improve emissions much more quickly than NExWM believes is possible – as the interviewee from the latter said:

The advantage of the way our relationship works, is that we can go to [their main contact at TfWM] and go look [name of contact], you've just - I was just walking down the road talking to one of my chaps who says Centro [TfWM] have written in something in Solihull that says every bus has to be Euro 6 by 2020. I got an action from that conversation to go to [them] and go look [name of contact], if that's what you want to do we can do it but it's bonkers [crazy] because we've got a load of Euro 5 buses that are two years old that won't be able to service Solihull so we may actually end up running less service - it's a perverse incentive. But we can have that conversation or we can go look [name] how can we adapt, how can we - what's the wriggle room? (NExWM representative).

The local authority interviewee also highlighted that there are still differences and disagreements in the relationship, that it is not all “plain sailing”, but that there is much more common ground than there was before 2008:

Well I think in the previous era it would be conversations with National Express where we said well we want this. No. We want this. No. We want this. No. We want this. No. Whereas now they're saying yes sort of three times out of five. So, when they do say no those two times, you can actually accept that they're probably doing that for a particular reason and they can't accommodate it. So, it's about having that balance isn't it and understanding that there's got to be - you've got to be a bit reasonable about it (Local authority representative).

Essentially, the partnership as it has now developed was viewed by the local authority and TfWM representative as a way of allowing them to communicate their objectives to the bus operator and then negotiate with the operator to deliver these. There was a recognition on both sides that the partnership can never mean that everything that each side wants will be delivered; but there was equally a feeling expressed very clearly that the partnership produces a relationship that makes it more likely that some of the things that each partner wants to be delivered are now more likely to be delivered at least some the time. In addition, the operator representative saw it as a commercially appropriate response to the threat of franchising – which would reduce his company's profitability – and a means of delivering better services and thus increasing the demand for buses in the region.

4.3 Partnership working in Västra Götaland

Västra Götaland, in western Sweden, covers 49 municipalities and one county council (Region Västra Götaland, RVG), and is Sweden's second largest region in terms of population, with the region's economic and population centre located in Gothenburg. Since January 2012, RVG has been the Regional Public Transport Authority. RVG is the highest level of elected political organisation in the region and has the regional target of doubling the public transport share of total passenger transport by 2025. RVG owns the company Västtrafik that plans and procures public transport.

The so-called ‘Västtrafik model’ has been developed by Västtrafik to handle perceived sub-optimality with previous contractual arrangements with operators:

In the past the procurer's [Västtrafik's] primary objective was to procure and manage contracts. There was no evaluation of quality. Low prices were the primary

objective and in the wake of them came effects such as lack of punctuality, litter and poor order on board, bad vehicles and neglected maintenance (Västtrafik 2014, p.11).

The partnership is described by interviewees both as a cultural shift from a more 'production orientated' to a more 'customer or service' orientated form of planning and management, and as a shift from a purely 'supplier role' for operators to a partnership between operators and Västtrafik. These shifts have been achieved through more flexible contracts (compared to the contractual arrangements in the past) so that changes to deal with changing conditions for public transport may now be decided to a greater extent than before in dialogue during the contract period, rather than only through changes to the formal contract. The ambition, according to Västtrafik, is to see public transport more as a joint venture between the authority and operators.

We work with goal-steering, we work together, we create common values and goals. Therefore we know approximately how to get there, which activities to work with. We do it together and it has been received positively by the operators. We want to get away from [the view] that Västtrafik is the client and they [the operators] are service providers, i.e. a we and them thinking (Västtrafik representative).

The Västtrafik model is thus for Västtrafik a joint effort in innovative procurement that aims to create a common vision for how and what should be provided by the operators and Västtrafik to travellers. However, the basic driving forces has not changed for the partners. Operators enter into the partnership because they have made market-based decisions fixed in contracts to achieve profits. All partners must agree on the working practices, including Västtrafik, emphasized an operator. Then the parties must also deliver what has been agreed upon:

For us, as an operator, it is important that Västtrafik adheres to the intentions of the formal legal contract between us, because we have made a business decision based on the basis used in the procurement. We cannot change things without making market-based decisions for our company's best (operator representative).

These motives have not changed for Västtrafik either, and the operators are still a counterparty negotiating with. Even though the partnership has meant that public transport is seen more as a joint venture then before this has not necessarily resulted in partners being 'kinder' to each other, as an interviewee from Västtrafik put it:

We are more honest with each other and we have gained greater confidence in each other. That does not mean that we have become kinder to each other when we negotiate. Then we have different roles and responsibilities, and we are very aware of that (Västtrafik representative).

However, due to growing trust, there is now, according to the same interviewee, more of an ambition to negotiate win-win solutions than there was before. Previously, he perceived that the operators suspected that Västtrafik tried to cheat them in negotiations, and vice versa that Västtrafik sometimes felt that operators who had difficulty in meeting their own financial forecasts sought to find reasons for renegotiation of contracts in a self-interested way. Västtrafik is admittedly open to renegotiating contracts when the conditions are changing for operators, but with the ambition that renegotiations will result in achievement of the goals that both parties have agreed upon. These goals include increased numbers of passengers,

increased customer satisfaction, stable finances and higher profitability for operators and improved collaboration.

There are several working relationships that are important for the function of the partnership and for developing trust between partners. Västtrafik sets the goals and the overall framework for transport services. The partnership is based on travel incentive contracts with some fixed reimbursement as well as some variable reimbursement related to how many travellers use public transport. There is a bonus for customer satisfaction (based on the results of customer satisfaction surveys) and penalties if requirements in the contract are not reached. Variable reimbursement and bonuses represent approximately a third of operators' reimbursement. There is also joint business plan and business management between Västtrafik and the operators. All of these are important formal aspects of the partnership that govern how the organisations can act jointly.

One of the pillars of the Västtrafik model is to know who is doing what and that we have decided how we will work in a similar way. The overall purpose of the Västtrafik model is to get a better collaboration where we will increase travel and get more satisfied travellers. But then you must know how to work. Therefore, the processes are important, and it has taken many years to develop them. We started 4–5 years ago (operator representative).

The partnerships are based on several formally decided working practices by which joint action is produced, of which so called 'process maps' are one example. These maps, for example, describe how services (routes, times etc) can be changed. They include a timeline for the process and a description of the responsibility of organisations during each step in the process that leads to a decision. There are also other important routines and working practices that give an understanding of the other's perspective, and through which trust is produced.

We have had workshops where we have agreed on the common core values [that shall guide the work], for example trust. We will have a workshop today about core values where we will evaluate our joint work. We have made a so-called 'temperature measurement' and have put a 'temperature' on how much trust we have for each other. We do a new follow-up on this today. Have we improved collaboration? Or have we gone the other way? We do evaluations at regular intervals. Then we change the methods used to measure this (operator representative)

Joint rules and structures that govern the behaviour of organisations have produced a partnership in which the interviewed operators say they now have more flexibility and freedom of manoeuvre.

We don't feel monitored by Västtrafik. We are working together, and we collaborate on most issues. We check a lot with Västtrafik. Västtrafik is not primarily trying to give us penalties and we solve problems more in agreement. We have worked according Västtrafik model in a few years, and it enables us to get to know each other much better. We meet very often and it brings us close to each other. We communicate much better than without this kind of model. The communication between us is very important (operator representative).

The feeling this interviewee had of not being monitored can be interpreted as an effect of the existence of a sufficiently high level of trust between organisations. Indeed, Västtrafik wants to procure function and not 'micromanaged operators' as one interviewee from Västtrafik put it. The Västtrafik model has meant that operators increasingly decide how operations should be run, for example, timetables and marketing, which further illustrates the important role

trust between organisations play in the partnership. But, it is a trusting relationship with responsibility:

Västtrafik have confidence in us, but we need to we live up to their expectations. If we do not, they will withdraw the freedom we have. I think that Västtrafik will take back the freedom they have given us if we deliver public transport with low punctuality or if the vehicles are not traffic-safe. [...] Västtrafik has some control over us partners and give us freedom of action if we deliver what have been agreed (operator representative).

Should the operators fail to fulfill the requirements in the contract Västtrafik could request them to pay penalties, as already mentioned.

That operators increasingly decide how operations should be run has another consequence. The Västtrafik model has resulted in a transfer of skills from Västtrafik to operators, for example in marketing and quality improvement. The partnership therefore requires operators to develop new competences compared to the situation before the partnership. It requires better leadership skills in all organisations, and it is no longer possible, as one interviewee from an operator said, 'just to know how to drive buses' when the goal is to deliver high quality public transport services. The model thus results in higher demands on operators, which, according to one interviewee from a large operator, makes it difficult for smaller operators to successfully compete for contracts. This may be expected to contribute to this company's commitment in having a good relationship with Västtrafik.

5. Discussion

There is a commonality in the origins of the partnerships in both Birmingham and Västra Götaland in that both stem from a perception that the current system is insufficiently focused on what the end customer (the passenger) needs, particularly in terms of a high quality integrated product, and that partnership working is necessary to deliver this. In Västra Götaland, the operators were perceived to be focused narrowly on delivering the requirements of the contract; and in Birmingham, on cutting costs and maximizing revenue to maximise short term profitability. Linked to the above is a shift in the culture within public transport from a more production orientated to more customer/service orientated one. This is a general trend that is working through public transport but it is also likely to result from changes in personnel, as older staff with a more 'production orientated' perspective retire from the industry. In this, both partnerships reflected the ideas of relational contracting as focusing on agreed high level goals and an ongoing decision-making process for deciding actions to realise those goals, rather than attempting high levels of contract specification.

The interviews illustrate that operators and public authorities are looking for mutual benefits from partnership working, and that each side gets something that they would not have, had they not collaborated. However, this does not mean that they have exactly the same objectives. Instead organisations explore mutual goals and reap the benefits of working together, and in some ways, as already mentioned, the partnerships can be a way of avoiding a less optimal situation for one or both of the parties. It is also the case that whilst partnerships may have formal outcomes, each party also has its own objectives for being part of the partnership, and sometimes they will still do things that are sub-optimal from the point of view of other partners. Clearly, too, an impetus for partnership working in both the Swedish and English examples is some form of 'threat' behind the partnership, which imposes a risk on the private operator to which they must respond. In England, this is the threat of franchising: continued pursuit of short term commercial objectives without paying any heed to the objectives of other stakeholders increases the risk that a new regulatory framework will be introduced that will have a much greater impact on profitability. In Sweden, the threat or risk is that of losing a contract at the next bidding round; being able to show positive

experiences in working closely with the franchising authority is likely to improve chances of winning the contract once again. As our discussion in Section 2 indicates, a finding that partners act on self-interest would not be unexpected by advocates of relational contracting and collaboration. While actors are expected to be trusting in seeking to realise mutual goals, they are also understood to have interests in the partnership albeit that they may need to take a longer term view rather than pursuing short term interests. As described previously, actors in the case studies did align their interests to the partnership goals. Moreover, actors indicated that they recognised that some short term interests might need to be set aside in pursuit of these goals. The Local Authority respondent reported that having formed the partnership, the operators had been willing to take decisions which would not maximise their immediate commercial interests. In these ways, the actors behaved as might be expected for a collaborative partnership. However the motivation to adopt a more relational or collaborative approach based on a ‘threat’ of the imposition of franchising (i.e. a different regulatory system) does add a further element and raises an interesting point about the influence that regulatory powers given to public authorities might have on moves to more relational contracting.

The partnerships also signal a shift in organisational roles and ways of working together. This is a further important sense in which the partners working practices by which collaborative behaviour, involving trust and understanding of the motivations and roles of other organisations get produced. There was clear evidence from both interviews and document review that partnerships develop over time and if the first steps are successful then they become deeper and more effective as people gain better knowledge of each other and of their organisations. Again this reflects wider literature on relational contracting and collaboration which indicates the role that experiences gained from ongoing relationships in judging trustworthiness of partners.

Of course, an acceptance of the other organisation’s ways of working is necessary and becomes greater as people work together for longer. It was clear from the discussions in Birmingham that personalities played a role in the success of the partnership. Interviewees pointed to changes in key staff, and also how they found that their counterparts in the other organisations were people that they could work with. Thus, the partnership is partly dependent on personalities, but it is also a reason for staff in different organisations to get to know one another much more than they would have in the pre-partnership situation, and if they then find that they can work together, this further improves the partnership.

As has been highlighted earlier, in the English example the documents are important as a way of formalizing and recording the shared objectives of the partnership, but they have played different roles as the partnership has developed: from ‘call to action’ at the start, to ‘action plan’ later, and now ‘documentation of a shared commitment and process’ in the latest version. Interviewees did not say that these documents were unimportant, but they saw other aspects of the partnership as more key to its success. The partnership in Västra Götaland clearly shows the importance of continuous dialogue and face to face meeting, for example illustrated by the so called ‘temperature measurements’ of collaboration and trust where partners discussed such qualities of partnership working at workshops.

The partnerships should in summary be viewed as gradual trust-building processes that develop over time and become deeper and more effective as people gain better knowledge of each other. The partnerships *do* contain commitments from both parties to deliver actual improvements to public transport services: in the case of Birmingham, for example, there are as described in Section 3 KPIs covering bus delays and passenger satisfaction, but there are also commitments to deliver bus priority measures, new vehicles, new ticketing options and joint marketing, amongst many others. The partnership is therefore judged to be successful in part on how well the KPIs are achieved and how many of the commitments are delivered.

This may illustrate that a move to more collaborative approaches is a matter of degree rather than a binary all or nothing (see Van Slyke 2009). However, the success of the partnership is also judged rather qualitatively in terms of how well the people in the different organisations related to and ultimately trust one another.

Thus, the results show that functioning public transport partnerships require qualities such as trust, understanding of the other organisation's interests, understanding of the other organisation's role, understanding of how the other organisation works and the conditions and constraints under which that other organisation operates (reflecting previous public transport research, e.g. Hrelja et al. 2016). This also indicates that there are challenges to developing functioning partnerships and that in some conditions therefore they will not develop as fully as in the cases examined here. Partnerships are situated in and shaped by the local or regional contexts in which they are developed.

6. Conclusions

Even though there are different formal legal settings in European public transport they seem to be producing similar problems and concerns and dissatisfactions that must be dealt with in some way (e.g. managing congestion and using bus priority and better street management to do so, improving service quality and reliability, increasing patronage, improving customer satisfaction, improving environmental performance, linking public transport and new land use and so on). We have in this paper analysed the dynamics of such a situation that is created by the formal legal settings that frame the action space of public and private organisations who are trying to improve public transport in England and Sweden, and what they can do to get around these problems by means of partnership working.

Despite the very different legal contexts for public transport in England and Sweden there were similarities in the function of the partnerships analysed. Both were attempts to bring together regional transport organisations, operators and cities to improve bus services to everyone's mutual benefit. There first tended to be individual short term profit-motivated action by organisations who were quite distant/separate from one another, but then this shifted to a longer term deliberative based collaboration in partnership form. The regulatory and formal institutional framework did not change, but the partnerships built an 'informal space' to bridge the gaps in the regulatory context. Here the English formal legal setting is some way from the Swedish legal setting, particularly in the relative power of the involved operators and public authorities, but dialogue between organisations made joint working possible in both the English and Swedish partnerships. This brought together public authorities, operators and roads authorities to improve the public transport offer to passengers. The partnerships also brought with them a gradual culture shift from a more production orientated perspective to one that were service- and customer-orientated.

This cultural shift, and the function of the partnerships, depended on trust between participating organisations being developed by working relations and collaborative practices. In light of the discussion on relational contracts and collaboration in previous research, effective partnership working can be understood as a form of learning activity in which neither side is expected to know in advance exactly what outcome they intend. The ideal is that each side learns from each other through open dialogue, and in this way the collaboration is assumed to arrive at better decisions that would otherwise be possible. Further, and significantly given the problems faced in other types of contracting, this approach is held to have potential to accommodate unexpected events or conditions – such as future events and unforeseen circumstances. It does this because it provides a basis for the actors to deliberate and decide how such events should be tackled when they arise or become understood. As such it may avoid the need to attempt to draw up fully specified contracts if both sides in a

partnership are willing to support interest of the other side (for either franchising, or formalised partnership). This requires a high level of trust between partners.

However, this does not mean that organisations give up their own interests. We should also be critical and not just be cheerleaders for partnership working. There are risks from a public interest perspective if partnerships become ‘too cosy’ (this reflects risks identified in wider research e.g. Gilson et al. 2010, Grafton & Mundy 2017, Stanley & van de Velde 2008). In an English legal setting this could result in local English public authorities becoming less inclined, for example, to move to franchising of local bus services in cases when franchising would be beneficial to passengers. Nonetheless a key finding from this research which is relevant to the English context is that swift results should not be expected from partnerships but if they are viewed as a long term relationship-building exercise between the various parties involved, then they can deliver results in terms of improved passenger satisfaction flowing from improved infrastructure, service and vehicles delivered because of the partnership.

In a Swedish legal setting this could result in difficulties for operators that not already are part of partnerships to successfully compete for contracts. A practical implication of the results is that Swedish authorities should be made aware of the power dynamics between operators and authorities resulting from the kind of partnerships studied here. Partnerships, that becomes too closed, may even restrict quality in procured public transport if they give operators a too big bargaining space, for example in situations where operators can claim that events are beyond their control (such as road congestion, malfunctioning new buses etc.).

Finally, we have not analysed the outcome of the partnerships in terms of increased ridership, higher customer satisfaction etc. The outcomes of the partnership in Sweden are not evaluated directly by the participating organisations themselves. Instead it is assumed that the positive development of patronage and customer satisfaction indirectly show the effectiveness of the partnership. In England, positive developments in passenger satisfaction, plus actual improvements in the quality of the bus fleet, bus priority measures, stops and so on are seen as the outcomes that indicate the success of the partnership. An analysis of the outcomes is for this reason desirable and should provide the basis for improvements of partnership working practices, but it would require a study on its own.

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