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Why and how often do authorities remunicipalise urban public transport? The case of France

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ABSTRACT

For decades, public transport services in most French towns and cities have been provided on a delegated management basis, by subcontracting to private parties, using calls for tender as a selection mechanism. Recently, however, a number of cities, some of them large, have opted for direct management, moving away from the private, competitive model in favour of public management.

Our study answers two questions: What is the scale of this shift? And how can it be interpreted: what are the triggers and motivations behind it? The literature on these questions is sparse, partial and dated. Our database shows that remunicipalisation is no longer an anecdotal phenomenon in France. Our interviews reveal that the motivations are always composite and that political factors are predominant.

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KEYWORDS Urban public transport; local public services; remunicipalisation; political rationality; private/Public boundary; France; local government

Introduction

Remunicipalisation of the management of local public services is a phenomenon observed in many countries, notably Germany, France, the United States and Spain, and in various sectors. It has given rise to a vast literature. Questions about the definition of the term, the scale of the phenomenon (Albalate et al. 2021; Bönker, Jens, and Hellmut 2016; Clifton et al. 2021; Kishimoto, Petitjean, and Steinfort 2017; Weber, Cabras, and Frahm 2019) or its explanations (Cumbers and Becker 2018; Gradus and Budding 2020; Hefetz and Warner 2004) are frequently discussed. The literature often suggests that the current debate opposes, on the one hand, a political preference in favour of public management and, on the other, pragmatism by local decision-

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makers aiming to respond to local needs as best they can, in function of budgetary constraints, political interests and political pressures (Becker, Beveridge, and Naumann 2015; Bel and Fageda 2007; Warner 2023). The water distribution sector is extensively investigated, in particular by (McDonald 2018; Turri 2022; Warner 2023), as well as the energy sector (Cumbers and Becker 2018; Hall, Lobina, and Terhorst 2013). But there is little literature on urban transport, with few specific studies such as on a region of Norway (Leiren 2014), urban buses in Shanghai (Wang, Mu, and Liu 2018) or public transport in Melbourne (Mees et al. 2006).

In France, urban public transport (UPT) has long been a favourite area for delegated management, but more recently some towns have moved away from the private, competitive model and opted for public management instead. Several cities have recently taken the plunge: Nice in 2013, Strasbourg in 2020, Grenoble in 2021 and Montpellier in 2022. This movement is raising questions. What is the scale of the remunicipalisation phenomenon in France? And how can it be interpreted: what are the triggers involved and the motivations of local elected representatives?

Therefore, the research question of this study is to shed light on the phenomenon of remunicipalisation of UPT in France from a 'macroscopic' perspective, linking the question of 'how much' to that of 'why', while doing this at an aggregate level. We do not present here the specificity of each city and the analysis of the political logics at work in each particular local context ('microscopic' perspective). By remunicipalisation (or shift), we mean the decision taken by a transport or 'mobility organising authority' (OA) (as known since the *LOM*[1]) to move from delegated management to direct management. By direct management, we mean management by a public operator (either *régie* or *SPL*) and by delegated management, management by a semi-public company (*société d'économie mixte*, *SEM*) or by a private operator, in the form of a public service delegation (*délégation de service public*, *DSP*) or public contract.[2]

The literature on the remunicipalisation of the management of UPT networks in France is sparse, partial, and dated. The only in-depth study, but old (Domenach 2015), looks at a wide range of issues (advantages and disadvantages of the different types of governance designs; analysis of the determinants of the choice made by elected representatives on the basis of a dozen cases; comparison of economic performance according to governance design). Other studies are more narrowly focused. Each year, the association for urban public passenger transport companies (UTP[3]) publishes a short report on developments in the urban transport market in France (excluding the Île-de-France region), counting calls for tender and changes in governance designs, but only for its members' networks. Several articles have investigated the range of management options available in local public transport

and their respective advantages (Kalflèche 2016; Laffitte 2015; Pauliat 2012) with a particular focus on the 'local public company' status (*société publique locale*, SPL) and its potential (CEREMA 2020; Le Ruyet 2017; Sia partners 2014).

Our research contribution is twofold. It is empirical, in that we provide a deeper understanding of the contractual dynamics at work in France's UPT, proposing a quantification of the remunicipalisation over a long period (1995–2022) and opening the way to a more detailed understanding of the rationales put forward by local decision-makers, based on case studies of towns that have opted for this switch. It is methodological too, in the sense that we propose an original explanatory framework for the local public decision of remunicipalisation, making a distinction between triggers and motivations for this shift, based on a multidisciplinary approach combining economic, political and legal sciences.

Our approach is divided into four parts. The first presents the main features of the organisational and legal context of UPT in France. The second sets out the data and methodologies, in particular the two matrices of 'triggers' and 'motivations' proposed and used in this study. The third presents and discusses our findings on the 'how much' and 'why' questions. The fourth summarises the main findings and outlines the limitations of this study.

Specific features of the organisational and legal context of UPT in France

Three organisational and legal characteristics of the French UPT sector must be understood to correctly interpret the originality and importance of remunicipalisation.

Existence of a variety of governance designs dominated by public service delegated management

Under the principle of free administration of local authorities (Art. 72 of the French Constitution), local authorities are free to choose the governance design they wish to use to operate the transport or mobility services they organise. The Public Service Obligations Regulation (EC) 1370/2007 (PSOR), which governs the award of public transport service contracts in the European Union, recognises this right and sets out the conditions for it. There are in fact two possibilities: direct management and outsourced (or delegated) management (Figure 1).

'Direct management' means that management and operation are carried out by a department of the local authority itself or by an internal operator (as defined in the PSOR). In practice in France today, this is done in two main ways:

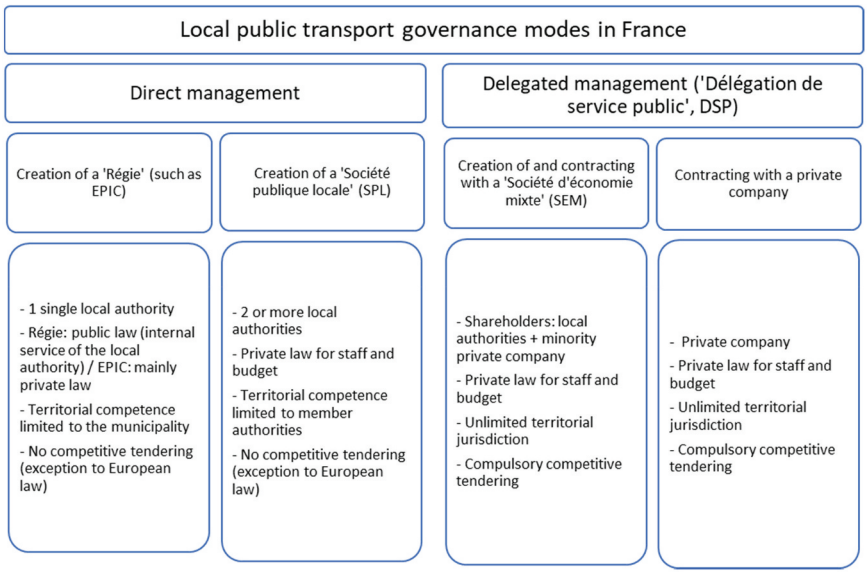

Figure 1. Local public transport governance modes in France.

- *Régies*. There are several types (Sia partners 2014). The *régie simple* has neither financial autonomy nor its own legal personality; it is a department of the local authority and is not considered to be an internal operator. The *régie autonome* enjoys full financial autonomy but does not have its own legal personality. It has an autonomous budget and its operating board is accountable to the mayor and the municipal council. The *régie personnalisée* has both full financial autonomy and its own legal personality. It can enter into contracts, take legal action and own property. They take the form of a *établissement public à caractère industriel et commercial* (*EPIC*) for a 'public industrial and commercial establishment'.
- *Sociétés publiques locales* (*SPL*) for 'local public companies'. Introduced by Law 2010-559 of 28 May 2010, these companies are authorised to operate industrial and commercial public services or any other activity of general interest, solely on behalf of their shareholders and only within the territory of the local authorities that are members. These are limited companies, with 100% public capital, owned by local authorities. Although they operate under private law, they are not subject to compulsory competitive tendering.

In the case of 'delegated management', the operation of the transport service is entrusted to an external operator. It can be done in two ways: by creating a semi-public structure, called *Société d'économie mixte* (SEM)[4] or contracting

with a private transport company. Both contracts are public service concessions, called *Délégation de Service Public* (DSP).

In France, outsourced management has historically developed mainly in the form of *DSP*, which remains by far the dominant governance design to this day. CEREMA[5] indicates that around 90% of urban networks are operated under such arrangement (CEREMA 2020). The UTP association states that 85% of its 154 urban network members (excluding Île de France) were under delegated management by early 2021 (UTP 2021).

Mainly public funding, and increasingly so, and now under pressure

In France, UPT is predominantly publicly funded. This model, now largely under pressure, needs to be renewed.

UPT in France is financed, excluding loans, by three main sources. The first is fare revenue (ticket sales and season tickets). The second is a local tax, the *versement transport* (*VT*),[6] introduced by decision of the OA and paid by private and public employers with at least 11 employees in a territory where UPT exists. The financing of UPT in France owes a great deal to the *VT* for two reasons (the increase in its rate and the geographical extension of its perimeter) which, over the years, have largely contributed to the formation of inter-municipal arrangements. Finally, the third source comes from the budgetary contribution of municipalities, groups of municipalities, *départements*, *régions*, the State, and even the European Union, all depending on the case (Guelton and Poinsot 2020).

Although the respective proportions of these three sources vary according to the size of the network and the territorial jurisdiction, public financing of UPT, in the broadest sense (public contributions + VT), is predominant everywhere in France: from around 80% for the largest networks to 90% for the smallest, in 2015. The Île de France region (IdF) is the exception, with a larger proportion (38%) paid for by users (CGDD 2018). The share of VT is considerable everywhere: 46% for networks with 50–100,000 inhabitants, 60% for large networks without tramways or metro systems and 40% in IdF in 2015 (CGDD 2018). However, this share tends to fall, as the amount of VT is increasing less quickly than public contributions, which are increasingly required to balance the finances of UPT.

In France, since the mid-1990s, the financial equation for UPT has been under increasing strain, with operating costs rising faster than commercial revenues (Bouf and Faivre d'Arcier 2015). As a result, the rate at which operating costs are covered by commercial revenues decreased, falling from 31% in 2000 to 18% in 2015 in networks between 50,000 and 100,000 inhabitants; from 33% to 18% in networks without a metro or tramway; and from 37% to 32% in networks equipped with a tramway or metro (CGDD 2018).

Competition: a legal obligation, but unsatisfactory practice

The regulation of competition for UPT in France is part of a process that began with the Sapin Act (1993), which introduced the first requirement for competitive tendering. The DSP then became the 'natural' management model, with the *régie* becoming something of an archaism (Domenach 2015). A new stage was introduced by European Regulation 1370/2007. This text reaffirms the initial European objective of developing competition, and it regulates the situations in which States may impose public service obligations, as well as the exceptional circumstances that allow recourse to direct management, without competitive tendering. It recognises the right of local authorities to provide services themselves or by means of an internal operator (limited geographically to the territory of its authority) over which they exercise control similar to that which they exercise over their own services. The Regulation does not require the operator to be public or private. It specifies procedures for monitoring the performance of the contracts awarded.

Yet, UPT has in France a structurally lower competitive intensity. The sector is characterised by a well-documented oligopolistic market logic. Competition has been relatively slow to emerge. It did not become effective in UPT until the 2000s, 7 years after the Sapin law. The loss of the Bordeaux network by *Véolia Transport* to *Keolis* in 2008 marked a turning point, illustrating that even major networks can change operators (Domenach 2015).

Another noteworthy fact is the intervention by the competition authorities. In July 2005, the French Competition Council condemned the main French public transport operators at the time (*Véolia*, *Transdev* and *Keolis*) for unlawful agreements. The investigation (1994–1999) revealed that 'when tenders were invited [. . .], these companies never compete with each other'.[7] The three groups, which shared most of the French market, were almost never simultaneously candidates when a call for tenders was renewed, most of the time because of 'non-aggression pacts' signed between them.

Studies in the economic literature also converge to conclude that competitive award procedures have had little impact in France (Yvrande-Billon 2006, 2009). Baumstark et al. (2005) observe that 'changes of delegatee when delegation contracts are renewed are the exception rather than the rule. Between 1995 and 2002, only 15% of contracts put up for auction resulted in a change of operator'. Yvrande-Billon (2006) points out that the Sapin Act has had only a temporary positive impact on the number of bidders. Yet, the number of bidders remains low: in 2000–2001, 50% of the year's urban tenders involved a single bidder, i.e., 1.78 bidders per tender, compared with 1.33 before 1993. These two results can be explained in particular by the increase in the size of networks and by the concentration of operators observed in France since the 1980s (Allain

1999). This high degree of stability among incumbent operators is confirmed by more recent data from the UTP on the members of its network. Between 1995 and 2021, only 26% of tenders led to a change of operator (UTP 2022). Bouf and Faivre d'Arcier (2015) note that the very organisation of calls for tender in France, traditionally based on entire networks and not on allotment (as in many other countries), naturally led to their great complexity and opacity, and ultimately to the low effectiveness of this procedure. These particularities of the French model for awarding UPT contracts seem to have unfavourable consequences in terms of operating costs, compared with other models, such as that of London (Amaral, Saussier, and Yvrande-Billon 2009).

Lastly, although no recent study or official publication lists the degree of concentration in the urban transport market in France, there appears to be essentially an oligopoly between three national operators (*Transdev*, *Keolis* and *RATPdev*), barely challenged by the presence of foreign operators (*Vectalia France*; *CarPostal*, itself acquired by *Keolis* in 2019) or groupings of independent companies, the largest of which is the *Réunir* group.

Methodology and data

We present the methods and data used in relation to our two questions: 'how many' and 'why'.

Building a single, exhaustive quantitative database

The absence of exhaustive official data over a long period makes it difficult to quantify the phenomenon of remunicipalisation, forcing us to compile our own database from various sources. A confidential database provided by CEREMA, CGDD, DGITM, GART, and FNTV (2016) covered the longest period, from 1995 to 2015, and the largest number of networks, 231 in 2015, but this source has not been updated since. Since 2005, UTP produces an annual publication on 'Competition in urban transport' (UTP 2021), but this source is only partial, covering only UTP members, who vary from year to year. The atlases of the *Institut de la Gestion Déléguée* (IGD) cover 60 networks in 2012, 156 in 2014, and 210 in 2019 (IGD 2019). The website of the *AGIR Transport* association, which brings together local authorities and independent transport operators, covers 54 networks as at 01 January 2022.

We have supplemented these sources with that of CEREMA (2021) to identify the OAs and specify their composition (population, number of municipalities and administrative status). For economic and financial data on the networks, came from UTP (2021).[8]

Proposing a methodology for analysing triggers and motivations

We have adopted a 5-step approach:

(1) Developing an interpretation grid for triggers and motivations

We believe it is necessary to distinguish two aspects of the remunicipalisation decision: triggers and motivations.

By 'triggers' we mean elements, stimuli or events that constitute favourable, or even necessary, but not sufficient conditions for triggering these migrations. Examples include the end of the contract with the incumbent operator, the election of a new municipality, the absence of sufficient competition during the competitive procedure, the reorganisation of the OA's perimeter, the introduction of more favourable legislation, etc. By 'motivations', we mean the rationales put forward by local councillors to qualify and justify their decisions. There are indeed, in principle, many reasons for these shifts (Domenach 2015).

The academic literature on explanations for public decision-making is extremely vast, drawing on economic theories as diverse as those of Public Choice (bureaucracy), neo-institutionalism (transaction costs), property rights (incomplete contract) or pragmatic arguments (search for efficiency and quality of service), as well as political and legal sciences. Faced with this observation, we hypothesise that there is no general theory to explain local public decision-making and propose a specific empirical approach to local public decision-making, follow several authors (Bel and Fageda 2007, 2017; Hefetz and Warner 2007; Levin and Tadelis 2010; Wassenaar, Groot, and Gradus 2013).

On this basis, we propose a 'Trigger Matrix' and a 'Motivation Matrix' (see further in Tables 1 and 2). These were constructed gradually, by triangulation between three sources: the results of interviews conducted by Domenach (2015), by AGIR (2018) and by ourselves; the hypotheses formulated by Van de Velde et al. (2019) and the expectations of the academic literature on (local) public decision-making in contractual

Table 1. Percentage of cities affected by each trigger.

	Triggers	Percentage of cities concerned
D1	End of contract with incumbent operator	84,6%
D7	Major changes to the network	61,5%
D9	Taking advantage of a legal provision (SPL status)	46,2%
D2	Municipal elections coming up	30,8%
D3	Change of political majority following an election	23,1%
D4	Lack of sufficient competition during the call for tenders	23,1%
D5	Problems with operating results	23,1%
D6	Difficulties in the relationship with the incumbent operator	23,1%
D8	Substantial change in the scope of the OA	23,1%
D10	Other	15,4%

Table 2. Importance of types of motivation of elected representatives.

			Number of cities		Importance	Importance by type	
Political	E2	Responding more effectively and more comprehensively to the region's mobility challenges	10	76,9%	26		
	E1	Shorten the decision-making chain and make it more reliable	8	61,5%	19	78	39,6%
	E4	Promoting a political orientation in favour of public management	7	53,8%	17		
	E3	Supporting the mastery of all the levers of a transport and mobility policy	6	46,2%	13		
	E0	Creating a new local political balance	1	7,7%	3		
Economical	E5	Improve production, economic and financial performance (productivity, costs, subsidies)	9	69,2%	18	52	26,4%
	E6	Improve sales performance (sales dynamic, revenue and ridership)	8	61,5%	18		
	E7	Improving service quality performance	7	53,8%	16		
Transactional and organisational	E8	Eliminate the cost of tendering procedures	8	61,5%	21		
	E9	Increased transparency and control by the OA over the operator	5	38,5%	10		
	E10	Eliminate tensions/ disagreements between the operator and the OA	4	30,8%	8	49	24,9%
	E11	Bringing the contract into line with the OA's expectations	3	23,1%	7		
	E12	Eliminate disputes arising from public service or public contract procedures	1	7,7%	3		
Other	E13	Benefit from good feedback from the public management of other SPLs	3	23,1%	7		
	E14	Extending the scope of the OA	3	23,1%	9	18	9,1%
	E15	Partners needed to set up a SPL	1	7,7%	1		
	E16	Other	1	7,7%	1		
	Total				197	197	100,0%

matters. We proceeded by iteration to determine the final list of items to be retained, starting by testing them on a few interviews, and completing our grid afterwards.

Table 3. Theoretical foundations of the motivation matrix.

	Types of motivation	Literature
Political motivations		
0	Creating a new local political balance	(Hefetz and Warner 2004; Leloup, Moyart, and Pecqueur 2005)
1	Shorten the decision-making chain and make it more reliable	(AGIR 2018; Christensen, Lægreid, and Arne Røvik 2007)
2	Responding more effectively and more comprehensively to the region's mobility challenges	(Leloup, Moyart, and Pecqueur 2005; Levin and Tadelis 2010)
3	Supporting the mastery of all the levers of a transport and mobility policy	(AGIR 2018)
4	Promoting a political orientation in favour of public management	(Bel and Fageda 2007; Christensen, Lægreid, and Arne Røvik 2007; Kalt and Zupan 1984; Le Squeren 2016; Leiren 2014; Moldenæs and Torsteinsen 2017; Stein 1990; Sundell and Lapuente 2012) (Stein 1990);
Economic motivations		
5	Improving productive, economic and financial performance	(AGIR 2018; Bel and Fageda 2007; Kim and Warner 2021; Warner 2008, 2023)
6	Improving sales performance	(AGIR 2018)
7	Improving service quality performance	(AGIR 2018; Levin and Tadelis 2010)
Transactional motivations		
8	Eliminate the cost of tendering procedures	(Baumstark et al. 2005; Bouf and Faivre d'Arcier 2015; Yvrande-Billon 2006, 2009)
9	Increase transparency and control by the OA over the operator	(Williamson 1999)
10	Eliminate tensions/ disagreements between the operator and the OA	(Hefetz and Warner 2004; Jensen and Meckling 1976; Levin and Tadelis 2010)
11	Bringing the contract into line with the OA's expectations	(Levin and Tadelis 2010; Tadelis 2002)
12	Eliminate disputes arising from public service or public contract procedures	(Sia partners 2014; Williamson 1996)
13	Good feedback from the public management of other SPLs	(AGIR 2017; CEREMA 2020; EPL, and AdCF 2014; Le Ruyet 2017; Pierson 2000; Sia partners 2014)
Other motivations		
14	Extend the OA perimeter	(Leiren 2014)
15	Need for SPL partners	(AGIR 2018; EPL, and AdCF 2014)
16	Other	

The Motivation Matrix is based on 16 items, grouped into three families of rationalities: 1) Political: ideological preferences, local political strategy, control of mobility policy levers; 2) Economic: lack of effectiveness or efficiency of private management; and 3) Transactional: costs of procedures for awarding,

monitoring and developing contracts, difficulties in contract management with private partners.

We also gave theoretical consistency to our Motivation Matrix by drawing on academic literature from economics, political science and law along the lines of the study by Wassenaar et al. (2013) (Table 3).

(2) Finding more information about each city

We worked on a sample of 13 cities chosen to be representative of the population as a whole, in terms of population size, date of switch decision, legal status chosen and change trajectory ('long' or 'short' shifts; see further). Following UTP's segmentation of networks, our sample is thus composed of:

- 5 cities with more than 250,000 inhabitants: Clermont-Ferrand (*régie*, 2013), Grenoble (*SPL*, 2021), Montpellier (*SPL*, 2022), Nice (*régie*, 2013) and Toulouse (*régie*, 2006).
- 7 towns with populations of 100,000 to 250,000: Annecy (*SPL*, 2016), Angoulême-Cognac (*SPL*, 2018), Chartres (*SPL*, 2015), Périgueux (*régie*, 2013), Saint-Brieuc (*SPL*, 2013), Saint-Nazaire (*SPL*, 2012) and Thionville (*SPL*, 2014).
- 1 town with fewer than 100,000 inhabitants: Aurillac (*SPL*, 2014).

We compiled a documentary file on each city, including the communications and debates surrounding the remunicipalisation decision, and constituted an information sheet for each city (administrative, political and network characteristics).

(3) Conducting stakeholder interviews

We conducted one or more semi-structured interviews with key players in each city. These were prepared on the basis of the documentary file and, to put the information gathered into perspective, we consulted the reports of the regional audit chambers (*chambres régionales de comptes, CRC*) concerning either the operator or the OA.

(4) Coding the information obtained in the two interpretation grids

The number of occurrences or weight of each trigger (Table 1) and motivation (Table 2) were coded to provide a hierarchy of items by city and for the whole sample. Our analysis will systematically cross-reference data between the two grids.

(5) Drawing up a summary sheet for each city

The last step consisted of establishing an analysis that simultaneously included information on the local context, the triggers and the specific

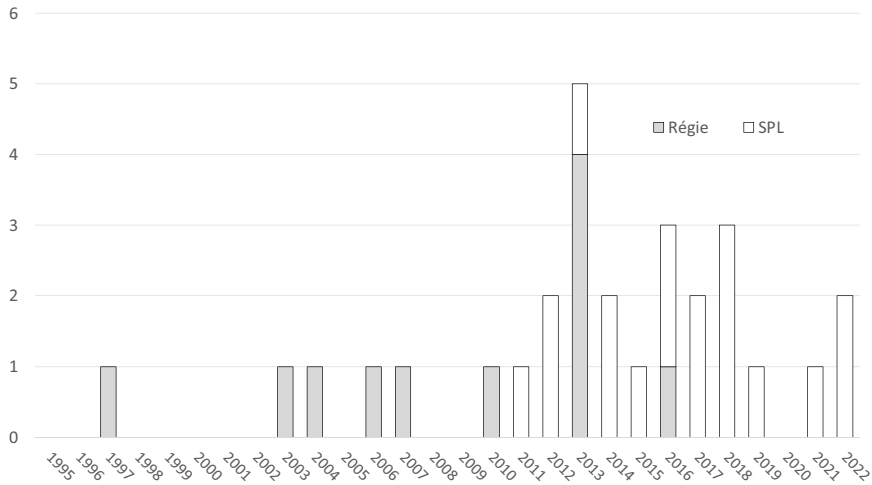

Figure 2. Annual number and distribution of remunicipalisation cases according to public status chosen. Source: Based on data from AGIR, CERTU, CEREMA, IGD, UTP.

motivations for the remunicipalization decision. This work, for each city, is presented in the dual form of a page from our database and a written summary sheet.

The results. How many and why?

Quantifying the shift to public management

Our aim here was to quantify the cases of remunicipalisation, their developments, and to specify the types of switches observed.

The phenomenon of remunicipalisation is accelerating and impacting a growing population, particularly in metropolitan areas

We recorded 29 remunicipalisation cases in mainland France (excluding the Île de France) over the period 1995 to mid-2022, an average of 1.04 cases per year. Reverse movements exist too but are very rare (this is the case in Saint-Malo in 2014 and in Beaune in 2016). There is one case of back-and-forth movement (Thionville, 2021) which, to a certain extent, illustrates the limits of remunicipalisation.

Several comments can be made.

- Remunicipalisation was an exceptional phenomenon in France before 2012 but has been growing since (Figure 2). There was only one remunicipalisation (La Rochelle) between 1995 and 2002, but 6 between 2003 and 2011. Since 2012, the trend intensified, with 22 of the 29 identified cases, i.e., 2.1 per year, compared to 0.4 before 2012. This amplification

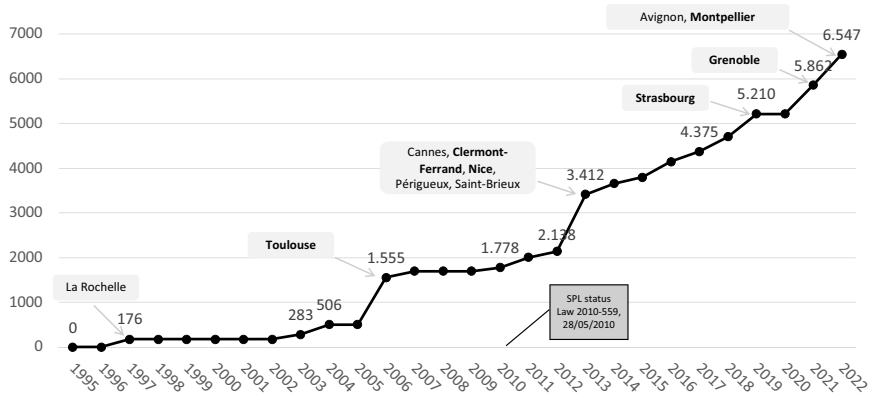

Figure 3. Total population (in thousands) in 2018 of cities affected by remunicipalisation in France 1995–2022. Source. From CEREMA (2021). Métropoles are indicated bold.

and intensification mark a break with several decades of unchallenged domination by private management.

- Remunicipalisation still represents a small proportion of the total number of networks. Of 335 French OA (excluding IdF and overseas territories) surveyed by CEREMA on 1 January 2021, remunicipalisation represents 8.7% of the current stock of UPT networks.
- While the movement remains fairly marginal in number of networks, it is far more significant in terms of population affected. It represents a total of 6.5 million inhabitants out of the 34.95 million inhabitants of the OA (France excluding IdF and overseas territories), i.e., 18.9% of this population (CEREMA 2021). From this point of view, the increase in remunicipalisation is clear, particularly as a result of the recent switch by several *métropoles*[9] (Figure 3). Of the 22 French *métropoles*, 6 have remunicipalised, i.e., 27% of them. With Paris and Marseille, which have historically been publicly managed, 8 French *métropoles*, or 36%, are concerned by (re)municipalisation.
- Public management of UPT in France is an older and more important phenomenon than current remunicipalisations: 55 internal UPT operators were listed by *AGIR* in July 2022.

Predominance of SPLs over régies and a limited shift towards public management rather than a major break with private management

Firstly, and very clearly, the choice of the *SPL* status overwhelmingly outweighs that of the more traditional *régie*. Out of 29 switches, the *régie* and *EPIC* were chosen 11 times and the *SPL* was chosen 18 times. Most of the most recent switches were made in 2013. The last new *régie* was created in 2016. Since the creation of the *SPL* status in May 2010 (law 2010–559), 78% of

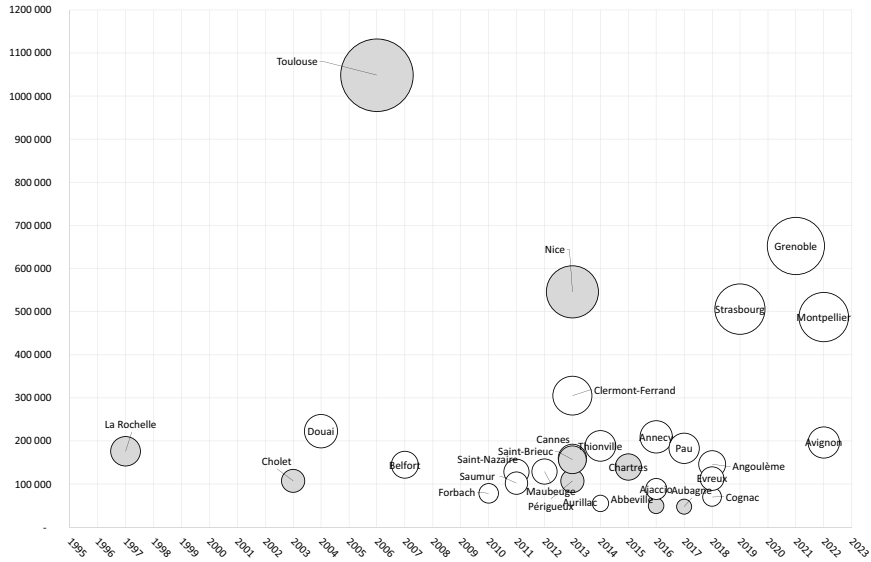

Figure 4. Number of cases by type, city size and year in white: from semi-public to public; in grey: from private to public.

remunicipalisations have been *SPLs*. Out of 23 switches, 18 OA have opted for a *SPL* and only 5 for a *régie* or *EPIC* (Figure 3).

Secondly, most switches (20 out of 29) were from a semi-public structure (*SEM*)[10] to full public management by *SPL* or *régie* (a 'short shift') and only 10 were from pure private management (*DSP*) to public management (a 'long shift') (Figure 4).

Why switching to public management?

While the motivations for municipalising UPT are complex and numerous, the triggers are simpler.

The triggering context for the decision

The first trigger, far ahead of all the others, is the 'end of contract with the operator'. This was the reason for almost all remunicipalisation decisions in the cities studied. This result is expected and well established in the literature (Albalate, Bel, and Reeves 2021; Bel and Fageda 2007). It is obviously more convenient to change mode of governance during the contract renewal period. It is also a good time for the OA to reflect on its objectives, resources and role in the management of the operation (CEREMA 2020).

The second trigger is a situation where a 'major change to the network' is envisaged (61% of cities); this reason can in some cases be combined with 'a

change in the scope of the OA' (23% of cities). For example, in Montpellier, the prospect of introducing free public transport necessarily changes the economy of the current contract, making the DSP contract with the private operator unsuitable, and leading to a paradigm shift.

The third trigger is the use of a legal provision, the *SPL* status, which concerns 46% of the cases, and even 50% of the cases for which this provision existed. Elected representatives see this legislation as facilitating remunicipalisation for a number of reasons (AGIR 2018; CEREMA 2020). Firstly, the *SPL* is easy to set up and allows for tighter governance, which is perceived as being more efficient. An *SPL* only has public shareholders, local authorities, unlike a *SEM*, which must include a percentage of private shareholders. This ownership echoes desire to shorten the decision-making chain and promote cooperative transport governance between local authorities (Le Ruyet 2017). The second, the *SPL* is a response to situations of total or significant lack of competition in a given area because, unlike with public service contracts or *SEM*, it is exempt from the obligation to invite competitive tenders for the award of the transport contract (AGIR 2017). Thirdly, some players lobby and support elected representatives to promote transition to a *SPL* (AGIR 2017, 2018).

Other items play a lesser role. In 30% of cities, the switch takes place during a 'forthcoming municipal election' (within 2 years) and, in almost 25% of cities, during a 'change of political majority following a municipal election'. These circumstances are favourable for politicians to reconsider governance designs. Dissatisfaction with the incumbent operator', in particular the relationship with the operator, was cited by 30% of cities. The 'lack of sufficient competition during the call for tenders' concerns 23% of the cities studied.

The motivations of elected representatives

The motivations involved are always plural and composite, influenced by several families of factors. For example, in Montpellier, the switch to a *SPL* is primarily explained by political motivations, with mobility issues at the top of the political agenda of the new municipality, due to their desire to move towards a free network. In addition to these political factors, there are also economic motivations, such as the search for modal shift and increased use of the network. Transactional motives are also important in this decision because of the low level of competition.

The results of our analysis of the motivations of elected representatives opting for a switch are shown in Table 2 The 16 possible items are classified as political (E0 to E4), economic (E5 to E7) or transactional and organisational (E8 to E12). The number of cities indicates those concerned by each item and the percentage in relation to the 13 cities in the sample.

The weight of each item is coded from 0 to 3. Item E0 is cited in just one city but with a high weight of 3. Item E2 is cited in 10 cities, with an average

weight of 2.6. The last column sums up the relative importance of each motivation type in the discourse of elected representatives.

We see that, across all cities, political factors predominate (40%), ahead of economic (27%), transactional and organisational (25%) and other reasons (9%).

Three subsets of motivations stand out in the set of political motives: the desire of elected representatives to 'respond more effectively and more comprehensively to the mobility challenges facing the region' (E2), then 'shorten and make more reliable the decision-making chain' (E1), in a context where it is important for political decision-makers to be able to 'control all the levers of their transport and mobility policy' (E3).[11] They see direct management, and in particular the *SPL*, as 'the shortest route' to achieving their objectives compared with outsourced management. There are also ideological motivations on the part of some elected representatives, who do not look favourably on leaving the management of a local public service to the private sector. The reason 'to promote a political orientation in favour of public management' (E4) is present in 54% of cities. Finally, in rare cases, remunicipalisation is part of a complex local political game and contributes to 'Writing a new local political balance' (E0). This is the case in Grenoble, where the switch to a *SPL* introduces and accompanies the *Métropole*'s desire to win a better position in the local political game on mobility issues, at the expense of the city of Grenoble.

Economic motivations are also widely expressed. 'Improving productive, economic and financial performance' (E5) is cited by 70% of cities and is easily understood in a context of increasingly tight budgets (see the section on funding). Another economic reason is 'to improve commercial performance' (E6), it concerns 61% of cities. Public transport, with the desire for a strong modal shift, is at the top of the agenda for these municipalities. The desire to 'improve service quality' (E7) is mentioned by more than 53% of cities. This was recently the case in Montpellier, which is betting on extending the network in parallel with the gradual switch to free travel, and earlier in Thionville, which wanted to roll out a major BRT project to facilitate cross-border mobility with Luxembourg.

Transactional and organisational motivations also come into play. 'Eliminating the costs of competitive tendering procedures' (E8) is the second most important motivation cited by elected representatives in 2/3 of the towns in our sample, and it plays a significant role in the decision. The use of competitive tendering is often seen as a legal obligation imposing heavy transaction costs, rather than as an opportunity, for little benefit in the end. This is understandable in the case of *SEM*s, where it is rare for the private operator who is a member of the *SEM* to be ousted. And in the case of a pure *DSP* where competition is often weak (see the section on competition). To a lesser extent (5 on 13 cities), the motives of 'Increasing transparency and the OA's control over the operator' (E9) also come into play. To a slightly lesser extent, there was also the desire to 'Eliminate tensions/disagreements between the operator and the OA' (E10), or even to

'Eliminate disputes linked to public service delegation or public contract procedures' (E12). This was the case in Nice, where the hasty switch to a *régie* in 2013 is a perfect example of a tendering procedure tainted by irregularities. Faced with the risk of litigation, the local councillors prudently had to suspend the award procedure and decided to remunicipalise the management of their transport service. A final transactional reason is sometimes suggested: the flexibility of contract management (E11). In Montpellier, the decision to make public transport free of charge radically altered the contractual balance between the *SEM* and its public service operator (*Transdev*) and meant that the economics of the contract had to be rethought.

Other reasons are sometimes mentioned, with a more specific role: 'To broaden the scope of the OA' (E14) or 'To take advantage of good feedback from the public management of other SPLs' (E13).

Note that some items, such 'Major change in the OA's scope' (D8) and 'Extend the OA's scope' (E14), can be both triggers and motivations. A major change in the OA's perimeter may have an exogenous cause, resulting from legislative change concerning the perimeter of authorities, and would constitute a trigger in the sense that this fact leads to a reconsideration of governance design. 'Extending the scope of the OA' can also be endogenous, motivating the switch, as a public status, in particular that of *SPL*, might be perceived as facilitating the implementation of mobility policy on this extended scope.

Conclusion

This study provides two innovative contributions to understanding the local political decision to remunicipalise the management of urban public transport networks.

The first contribution is methodological. We have proposed an original explanatory framework for the triggers and motivations for this shift, based on a multidisciplinary approach combining economic, political and legal sciences. Each of these disciplines focuses on specific categories of determinants, often ignored or downplayed by other disciplines. In addition to its multidisciplinary nature, this methodology offers a quantifiable and reproducible vision of public decision-making.

The second contribution is empirical. We have deepened our understanding of the contractual dynamics at work in France's UPT, firstly by proposing an exhaustive quantification of remunicipalisation cases, and secondly by providing a more detailed understanding of the rationale put forward by local decision-makers, based on studies of several cities that have opted for this switch. Several results are worth highlighting.

While delegated management remains predominant, the phenomenon of remunicipalisation is growing in scale and is no longer marginal or anecdotal. From occasional occurrences prior to 2011, it has developed significantly

since. While remunicipalisation only accounts for a relatively small percentage of networks (around 9%), it affects almost 19% of the total population benefiting from UPT in mainland France (excluding IdF). Recently, it has also been spreading to larger cities.

Since its creation in May 2010, the *SPL* status has been widely preferred to that of the *régie*, and almost 80% of remunicipalisations have been in the form of a *SPL*. 70% of the changes are from a semi-public structure (*SEM*) to a fully public structure (*régie*, *EPIC*, *SPL*), and much more rarely a change from a purely private to public management.

Analysis of the triggers clearly shows the importance of the context of contract renewal, but also of the prospect of major changes to the network or the OA's scope. Political factors, such as a change in political majority or the proximity of a municipal election, interfere to a much lesser extent.

The motivations for remunicipalisation are often extremely composite, although political factors predominate over economic and transactional motives. The desire to respond more effectively and more comprehensively to mobility issues in the region and to shorten the decision-making chain is very much present, in a particularly complex administrative and territorial governance context in France, at a time when mobility issues are moving to the top of the local policy agenda. The quest for network performance, both productive (lower operating subsidies) and commercial (increased ridership and modal shift), is a component of many remunicipalisation decisions, which is understandable in a context of increasingly constrained budget availability. Transactional motivations are frequently involved, mainly in order to avoid competitive tendering procedures that are perceived as costly and often as artificial and superfluous, in a context of low competitive intensity.

The purpose of this paper is to share an important first step in our research programme. As a result, a number of shortcomings and weaknesses remain and are to be addressed in the next steps of our research programme. This will be done in several directions. Firstly, analysing more cities to improve the robustness of findings. Secondly, considering the dynamics in the governance of other local public services (water; street lighting; waste management and parking), testing for clustering and contagion of remunicipalisation between such services in the cities studied. Thirdly, we will attempt to enrich the approach by adding a 'factorial analysis' to better characterise and distinguish between types of local political decision-making strategies at work, shedding more light on interactions between local context, triggers and motivations. Fourthly, an ex-post assessment of the remunicipalisation effects would also need to be drawn up considering various network performances aspects to see whether the remunicipalisations' promises were fulfilled. There is not enough hindsight necessary to assess it, and in particular for the case of the *métropoles*.

Notes

1. Loi 2019–1428 d'orientation des mobilités; Orientation Law on Mobility.
2. These concepts are explained in the next section.
3. UTP: *Union des Transports Publics et ferroviaires*.
4. An SEM (semi-public company) is a limited company with a majority public shareholding (51% to 85%), but which is subject to public procurement law (competitive tendering).
5. *Centre d'Études et d'Expertise sur les Risques, l'Environnement, la Mobilité et l'Aménagement* (Centre for Studies and Expertise on Risks, the Environment, Mobility and Town and Country Planning): a public body under the supervision of the French State, it assists the State and local authorities in drawing up, deploying and assessing public planning and transport policies.
6. Since the LOM, this has been known as the '*versement mobilité*'.
7. French Competition Council. Decision no. 05-D-38 of 5 July 2005 concerning practices in the urban public passenger transport market. (Citations are translated by the authors.).
8. The study of the impact of remunicipalization on network performance is not studied in this text for the double reason of a lack of hindsight resulting from the recent character of the remunicipalization; and secondly, because the only management statistics available (UTP 2021) concern only a fraction of the networks concerned by remunicipalisation.
9. A *Métropole* is a relatively recent form of inter-municipal cooperations (legislation passed in 2010, 2014 and 2015). It is aimed at larger urban areas (400,000 inhabitants).
10. An SEM (semi-public company) is a limited company with a majority public shareholding (51% to 85%), but which is subject to public procurement law (competitive tendering).
11. These factors are likely to become even more important as the legislative provisions of the *LOM* (2019) abolish the concept of TOA (transport organising authority) in favour of that of MOA (mobility organising authority), extending the powers of local authorities to cover all modes of mobility.

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