ENGLAND'S ECONOMIC HEARTLAND

MOBILITY HUBS: WHITE PAPER

STRATEGIES FOR ENHANCING PRIVATE SECTOR INVESTMENT IN MOBILITY HUBS

Background and Purpose

Mobility Hubs are defined as places where multiple transport options are co-located, encouraging and enabling people to use public transport and active travel modes. They often offer ancillary services to increase footfall. Many local authorities have found it challenging to secure private sector investment in Mobility Hubs, creating commercial and financial challenges.

This white paper sets out the considerations for increasing and encouraging private sector investment in Mobility Hubs and was informed by a stakeholder workshop held by England's Economic Heartland (EEH) (EEH) on 6th February 2025, with the assistance of KPMG.

The purpose of this white paper is to inform stakeholders of methods to facilitate private sector funding and investment in Mobility Hub schemes.

Summary of Workshop Discussions

The workshop helped to change perceptions: to highlight to investors the potential for investment in Mobility Hubs, while helping local authorities understand private sector perspectives.

It allowed for an exchange of views and ideas between public and private sector attendees who might not otherwise meet.

Public sector attendees expressed the importance of:

- The transport policy and strategic benefits to which Mobility Hubs would contribute
- Embedding Mobility Hubs into existing investment programmes
- Simplifying engagement with private sector investors
- Ensuring a funding approach that prioritises sustainability and long-term viability
- Aligning strategic planning, policy support, and governance structures to create long-term stability.

Private sector attendees expressed the importance of:

- Aggregation of sites into investable portfolios with easier and more predictable governance and approvals
- Opportunities to expedite / unlock development consents for promising sites
- The likely need for an anchor public transport mode tenant
- The value in developing networks of Mobility Hubs to establish demand
- Leveraging and allocating s106 and CIL funding[1]
- Maximising return on investment through secure and monetised commercial agreements between parties, underpinned by an Senior Responsible Owner (SRO) with adequate oversight
- Managing risk and liability in both the short and long-term. Using the right type and structure of private finance for each project.

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1 Local Government Association (https://www.local.gov.uk/sites/default/files/documents/cil-vs-s106-s278-153.pdf)

Private Sector Investment in Mobility Hubs

Introduction and Workshop Observations

The Mobility Hubs workshop aimed to build on the principles set out in the EEH Mobility Hubs Business Case Guidance, which highlights the growing recognition of Mobility Hubs as a strategic solution to mobility challenges, development impacts, and changes in the transport landscape in urban, suburban and rural settings. Through discussions with stakeholders, the session explored how Mobility Hubs can play a pivotal role in integrating transport modes, reducing congestion, and improving accessibility.

Participants debated the definitions and functions of Mobility Hubs, with some public sector attendees pointing out the benefits of reducing some car journeys and encouraging sustainable transport. There was strong interest from the private sector in the potential of Mobility Hubs to accelerate development planning approvals, enhance land values, and deliver financial returns.

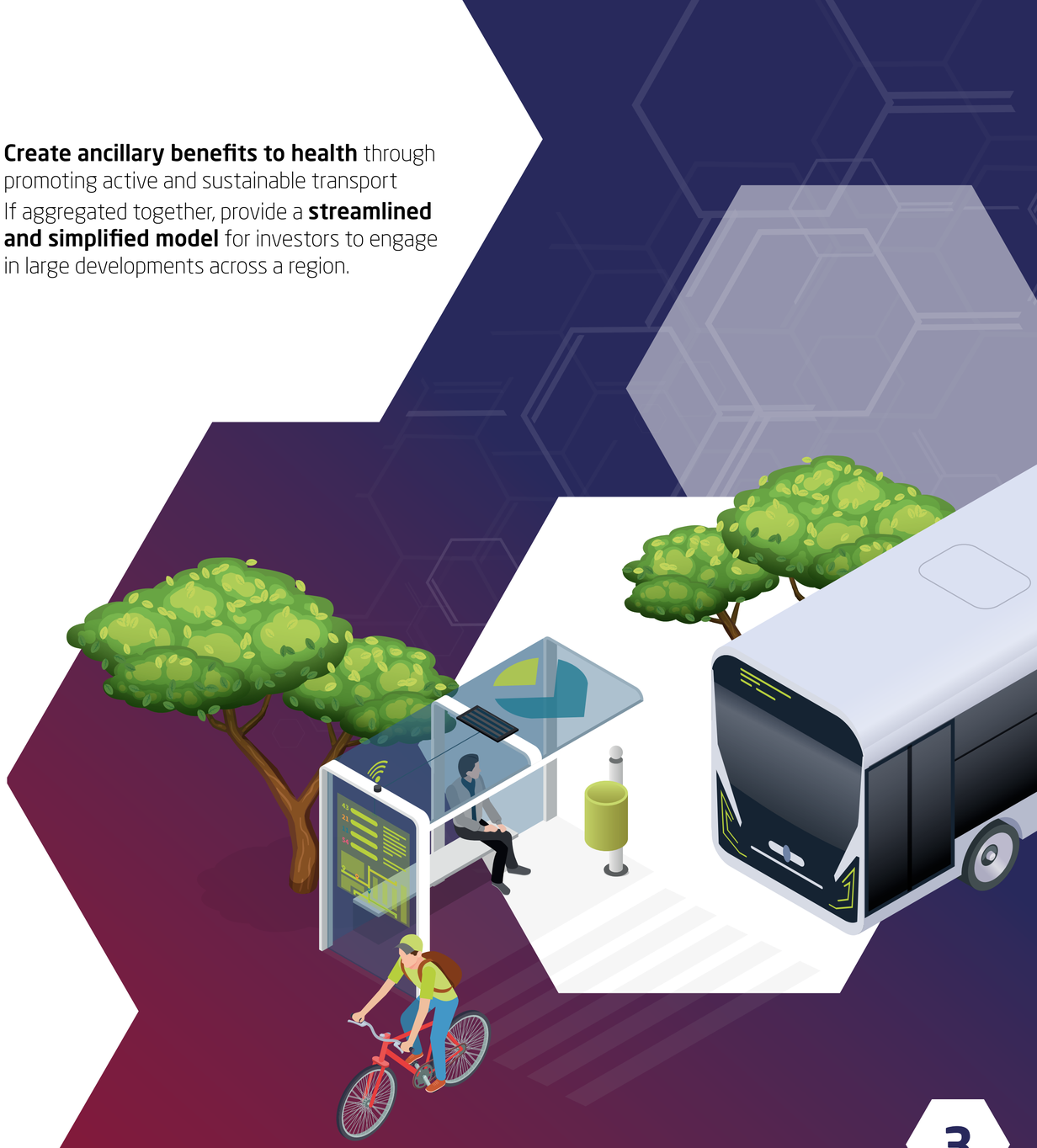
Public and private sector stakeholders have differing views on the purpose and deliverability of Mobility Hubs across the EEH region. Private investors view Mobility Hubs as candidates for investment which must compete with other initiatives promising steady financial returns and with predictable governance and manageable risk profiles. This means that the transport and policy benefits of Hubs must be complemented by adequate monetised returns, balanced risks and stable governance – and that if this balance is struck, it could lead to transformed outcomes.

Definitions and Success Criteria

Mobility Hubs, as defined above, have the potential to reduce car dependency, encourage sustainable transport choices, and create more seamless multi-modal journeys. By addressing infrastructure constraints and changing travel behaviour, they can contribute to a more efficient and accessible transport network.

What Mobility Hubs could achieve:

- **Reduce car ownership** by making alternative modes more viable and visible
- Encourage sustainable transport options and **improve access to rail stations**
- **Make multi-modal journeys more seamless**, enhancing convenience for users
- Optimise the use of the road network by **reducing single-occupancy vehicle trips**
- As part of a comprehensive **travel behaviour change** effort, Mobility Hubs can shift habitual reliance on private cars by combining and presenting multiple travel options in one place, with costs and opportunities clearly displayed
- **Align with changing demographics and preferences**, as younger generations prioritise shared and public transport options over car ownership
- Make **property developments more attractive** to investors, residents and businesses, through better transport options
- **Help to address the climate emergency** through significant changes in travel behaviour
- **Create ancillary benefits to health** through promoting active and sustainable transport
- If aggregated together, provide a **streamlined and simplified model** for investors to engage in large developments across a region.



Key Success Factors

Summarising workshop discussions, and inputs from both public and private sector perspectives, the table below uses a "MoSCoW framework" to show which features Mobility Hubs Must, Should, Could and Won't have in order to succeed.

Must	Should
• Be attractive, functional, and well-integrated within the wider transport ecosystem • Offer a high-quality user experience while aligning with existing and future transport infrastructure and planning strategies • Be convenient, comfortable, safe, and accessible for a wide range of customers • Be developed in collaboration with transport operators, including train operating companies[2] (TOCs), bus operators, and micromobility providers (E-scooter[3] /bike hire providers, etc) • Be developed in coordination with landowners and developers to ensure appropriate placement and integration • Maintain high standards of reliability, resilience, and quality to build trust and adoption • Offer private investors a secure and valuable rate of return on investment.	• Have attractive and consistent branding to reinforce user recognition and confidence • Depend on a robust public transport backbone and multimodal access, including active travel and essential utilities • Use integrated ticketing to combine digital and physical solutions • Fit within a hierarchy of travel options, ensuring legibility and usability • Integrate with new or existing property developments to provide a long-term customer footfall • Be developed as a portfolio including larger, high-yield sites alongside smaller, low-yield sites • Integrate with new infrastructure projects such as East West Rail, hospital expansions, and new town developments.
Could	**Won't**
• Support local businesses and large employers through Travel Plans, Scope 3 carbon reductions[4], and commuting solutions • Express a place-based attitude to design and operation, even if embedded within a broader network of hubs • Support Demand Responsive Transport (DRT) and Connected & Autonomous Vehicles (CAVs), particularly in rural and suburban locations • Either be deployed as a network from the outset or built out progressively from individual sites.	• Have antisocial behaviour which deters usage and lowers value • Have unclear governance or risk management processes – either in the short term or long term – which damage or limit confidence of private investors • Have poor quality design or installation which undermines the concept • Require private investors to engage separately with dozens of public authorities to achieve permissions.

2 Train operating companies – Network Rail (https://www.networkrail.co.uk/running-the-railway/train-operating-companies/)
3 E-scooters are currently illegal to use on public roads unless part of UK Government trials
4 What are Scope 3 emissions and why do they matter? | The Carbon Trust (https://www.carbontrust.com/our-work-and-impact/guides-reports-and-tools/what-are-scope-3-emissions-and-why-do-they-matter)

Challenges to Private Sector Investment

Below, three key potential challenges to gaining private investment in Mobility Hubs were considered at the workshop and are summarised below, including matching mitigations and opportunities.

Challenge 1: Scale and attention

Mobility Hubs (including interchanges and Park & Ride facilities) are typically proposed and sponsored by local authorities. The Hubs proposed often differ in definition, scale, governance, ownership and intention, with **no commonality of design, delivery or governance**. Where income streams are proposed, they might raise thousands of £ per year (for example, parcel lockers or EV chargers). **This scale is insufficient** to attract the interest of many private investors.

Involving the private sector in this ecosystem is challenging because, in order to invest at scale, an investor or developer would have to engage with many local authorities on a series of small-scale projects with inconsistent governance and asset definition, with limited returns.

Addressing this challenge

Firstly, private investors and developers should engage with Mobility Hubs at scale, rather than individually; and to provide a consistent and compelling business case for investment. A diverse portfolio approach across high – and lower-demand sites can mitigate risks and support scalability, which is key for attracting larger investors. Authorities should also look to accelerate consents to unlock faster decision-making and development.

Secondly, investors could view Mobility Hubs as a core element of new large developments. The relatively modest land and cost requirements for a Mobility Hub could be offset, especially in a portfolio, by the increases in sustainable transport and reduced need for car-based infrastructure, e.g. reducing the cost and land required for car parking and roads.

Challenge 2: Funding and financing

Securing funding to build and operate Mobility Hubs is a significant issue which has contributed to the limited adoption and delivery of the concept.

Private investors require a significant monetised rate of return, which increases when development and revenue risks are present, and a minimum scale of investment which (for the larger banks) can focus on projects of £10m plus. This can provide a challenge to Mobility Hubs, which tend to be smaller in scale and have historically focused on low-yield services to improve public transport and interchange.

Addressing this challenge

The use of concession agreements[5] could help to improve longer-term revenue for investors, through availability payments and income from retail or commercial space, EV charging, or ancillary services. Including elements of predictable revenue such as car parking and EV charging will help to reduce concern of private equity investors.

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5 Procurement Act 2023 – Concession Contracts (https://www.gov.uk/government/publications/procurement-act-2023-guidance-documents-plan-phase/guidance-concession-contracts-html)

Challenge 3: Risk and governance

Both public and private sector view the apportionment of risk and governance as a key issue in developing Mobility Hubs. There is a fear that initial agreements may not be renewed, leaving one party bearing unmanageable commercial risk.

Governance arrangements which differ between authorities present a challenge to private investors. Dealing with many Legal and Commercial teams, each with different Terms and Conditions, requires significant resources from investors and can be off-putting.

Policy alignment can be a challenge in this area, with local authorities' transport policies and strategies shaping the potential for Mobility Hubs but facing challenges from an atomised approach and siloed thinking. In addition, a mismatch between national, regional and local transport policy can affect the availability of funding; and the funding which is provided is often in the form of short-term grants to pilot projects rather than a stable long-term pipeline.

Addressing this challenge

Integrating Mobility Hubs into existing infrastructure projects helps to reduce financial risks and improve feasibility, because of lower costs, easier governance and higher usage. The use of data analytics, such as footfall, demographics and transport services, can help to pinpoint which investments would benefit from this approach.

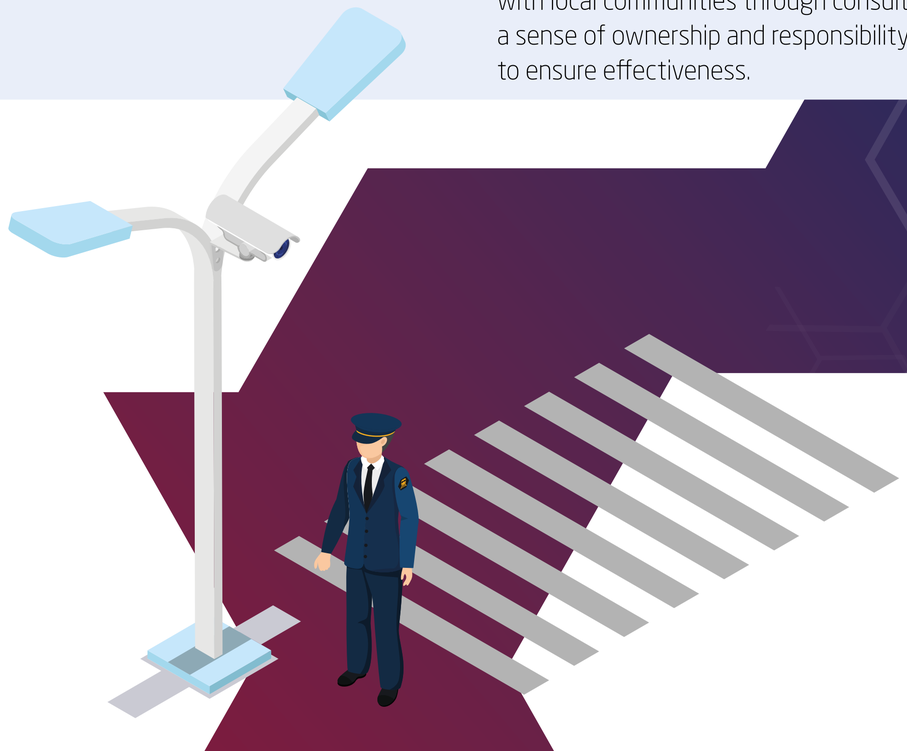
Combining a series of Mobility Hub projects into a single portfolio would combine larger, higher-yield sites with smaller, low-yield sites; and offer some diversification. This would also generate benefits through scale and replicability of approach.

Partnership delivery models between Public and Private sectors, structured as Joint Ventures or using a Special Purpose Vehicle (detailed on page 9), could standardise the approach.

Risks to Delivery

While Mobility Hubs present significant potential, there are several risks that need to be addressed for successful deployment. Addressing these is crucial to ensuring the long-term viability and success of Mobility Hubs.

Risk	Mitigation
Demand uncertainty remains a key challenge, potentially leading to underutilisation and financial shortfalls.	Secure tenants (including anchor public transport services and amenities) to drive demand through the sites over the long-term. Implement robust data analysis and forecasting models to predict demand patterns, leveraging local data, trends, and pilot schemes to adjust the offering based on real-time insights and demand shifts.
Navigating planning consents can be complex, especially with multiple stakeholders and regulatory frameworks, leading to delays in project timelines.	Develop early engagement strategies with stakeholders, ensure transparent communication, and adopt flexible project timelines to accommodate unforeseen delays. Leveraging pre-consent consultations and aligning with local planning policies can also streamline the process.
Siloed thinking in land use and master planning can create barriers, hindering the integrated approach needed for Mobility Hubs.	Foster collaboration across disciplines, promoting holistic planning that includes transport, housing, and community needs. Regular cross-departmental workshops and joint planning forums should be held to align goals and address potential conflicts early on.
Anti-social behaviour around Mobility Hubs can negatively impact safety and deter users.	Design with safety in mind, incorporating well-lit, visible areas, and natural surveillance. Implement security measures, such as CCTV and active security patrols, and engage with local communities through consultation and involvement in hub design to foster a sense of ownership and responsibility. Regularly evaluate and adapt security strategies to ensure effectiveness.



Opportunities

Despite the risks, Mobility Hubs offer a way to improve transport infrastructure, boost economic growth, and enhance social impact. By strategically integrating them into existing systems and communities, Mobility Hubs can help create more sustainable, accessible, and vibrant urban spaces.

- **Bus franchising offers a valuable opportunity for whole-systems planning**, where Mobility Hubs could be incorporated as central elements of an integrated transport network
- **Including places of employment**, such as start-up or scale-up incubators, within Mobility Hubs can drive additional footfall and enhance the hubs' economic and social value
- **Incorporating public services, such as healthcare, retail, and community spaces**, within Mobility Hubs could improve their viability, attract diverse users, and enhance social impact
- **Mobility Hubs could integrate into mixed-use developments, potentially with build-above options, improving both social and financial returns**. Only a small percentage of the area and cost in a new development is required to unlock a Mobility Hub, making integration highly feasible
- **The public sector can play a vital role in creating the right environment** for demand, helping to de-risk investments and encourage private sector involvement through active governance and seeking to foster a pro-investment environment
- **Local and combined authorities, and STBs, can convene and aggregate sites in a portfolio** to increase attractiveness and simplify the process of investing
- **Customer incentives, such as discounted fares, integrated ticketing, and loyalty schemes, could drive greater usage** and make Mobility Hubs more attractive to commuters
- **Rail networks** offer the opportunity for system-wide change and the deployment of replicable Mobility Hubs from a design portfolio at many stations. The **East West Rail (EWR) line** is a live example of this opportunity, with many station projects underway at which Mobility Hubs could be planned and delivered.

A Proposed Framework for attracting Private Sector Investment

To address the challenges described above, a framework should be developed to Aggregate, Monetise and Securitise investment in Mobility Hubs. This framework is illustrated below.

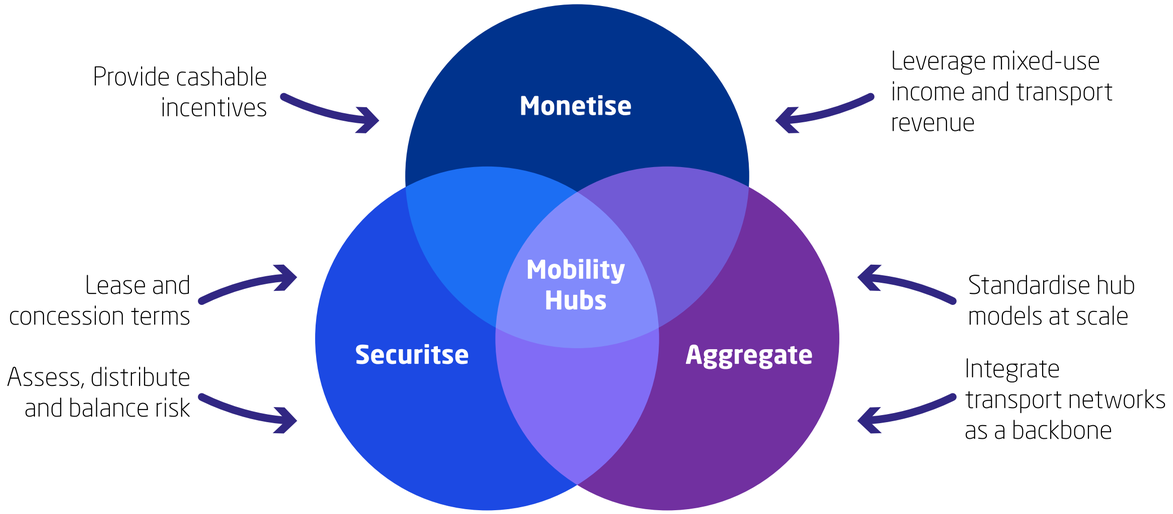


Figure 1: Diagram showing a proposed framework to attract private sector investment to Mobility Hubs

Aggregate: Create a Portfolio

a) Develop a standardised portfolio of small, medium, and large hub models to ensure scalability and a shared understanding of efficient deployment

b) Aggregating models gives rise to opportunities for suppliers, familiarity for users, and consistency in appearance to help define the role of a Mobility Hub in society. This will, in turn, attract private sector investors, who are naturally interested in a platform that promotes social interaction and sustainability at scale

c) Take a network-wide approach to planning, ensuring integration across transport systems.

Monetise: Revenue Returns and Incentives

a) Generate revenue through transport services, commercial partnerships, and last-mile logistics

b) Secure network-wide commercial agreements to maximise scale and investment

c) Seek to create additional revenue from mixed-use developments.

Securitise: Clarity on Risk

a) Provide clear risk assessments and a portfolio approach to balance financial exposure

b) Use financial structures like Public-Private Partnerships (PPP) models and long-term concessions

c) Ensure policy and planning stability – within and across authorities – to give investors confidence in long-term returns and governance, to unlock investment.

The Special Purpose Vehicle Concept

To manage governance, funding, and risk effectively, a Special Purpose Vehicle (SPV) model could provide a structured approach to delivering Mobility Hubs. The SPV would coordinate input from key stakeholders and oversee development, maintenance, and long-term operation. The SPV could either be formed across authorities, or by a single authority taking the lead with suitable governance arrangements for other authorities to join the agreement.

This way, the needs of private investors to engage with streamlined governance would be met, without any individual authority needing to bear unmanageable risks or resource requirements.

As part of any work to refine the Business Case for Mobility Hubs (at Strategic Outline, Outline or Full stage) consideration should be given to:

- Establishing the strategic need for this model
- Defining potential corporate structures for the SPV
- Assessing the economic costs and benefits
- Evaluating financial and cashflow considerations to ensure sustainability.

Input parties:	Tools and requirements:
• Local Transport Authorities (LTAs) sharing ownership, investment, and planning responsibilities • England's Economic Heartland as a strategic convenor • The Department for Transport (DfT) and other government departments (e.g., HM Treasury, MHCLG), giving approval or unblocking progress • Transport operators to ensure service integration • Private investors to enable scalable funding • A consortium/SPV manager to oversee operations and coordination • Concessionaires on site who operate services and facilities.	• Tiered design requirements based on site size and location • Development and construction of Mobility Hub sites • Ongoing maintenance and operation, ensuring high-quality user experience and security • Clear service quality metrics aligned with Key Performance Indicators (KPIs) • Comprehensive monitoring and evaluation frameworks for continuous improvement • Branding, digital platforms, and Mobility-as-a-Service (MaaS) integration • Data-sharing agreements to enable collaboration and service enhancement • Customer journey mapping and persona development to refine service offerings.

Conclusion

To synthesise public and private sector involvement in developing Mobility Hubs, it will be necessary to use systems thinking; consider the whole lifecycle of planning, delivering and operating Hubs; establish robust yet flexible governance with adequate risk management across a portfolio of sites; and make the most of opportunities presented by public transport reform, housing developments and service provision.

A successful approach will meet the needs of diverse stakeholders and customers, and be inclusive of a range of transport options, built on a strong public transport backbone, and connected to existing and proposed commercial developments.

Combining monetised returns on investment with securitised risk and aggregated sites, possibly under the aegis of a Special Purpose Vehicle, could enable private sector involvement.

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