



Remunicipalisation of urban transport in France – Background note

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Background information

In French law, local authorities and their groups have the freedom to choose the management method to operate their public services. They may decide either:

- to directly manage the service; This is called “régie”
- to entrust management to a third party through a public service concession or delegation (“délégation de service public”).

A third category: local public companies (“entreprises publiques locales”) can claim both direct management and delegation of public service.

Overall, direct management guarantees local authorities more flexible rules than delegation to private contractors.

Régie

A régie can take 2 forms:

- a management entity with financial autonomy. The entity does not have legal personality and has limited autonomy. It is a service integrated into the community which created it.
- a public industrial and commercial establishment (“établissement public industriel et commercial, EPIC”). The EPIC has legal personality and financial autonomy. The EPIC carries out its activities on behalf of the local authority.

Délégation de Service Public

Under delegated management, the local authority entrusts the execution of the public service to a private company while retaining control over it. The company is then responsible for carrying out the service. It ensures this with its own staff according to private management methods and at its own risk. In return, company enjoys a monopoly on operating the service.

Financial risks weigh not on the public authority but on the company, which is remunerated, in whole or in part, by the price paid by users of the service.

Entreprise Publique Locale

A local public enterprise is a company serving local authorities. There are two main forms of local public companies: mixed economy companies (société d'économie mixte “SEM”) and Local Public Companies (société publique locale “SPL”).

Mixed economy companies (SEM) are owned at 50- 85% by public authorities and 15-50% by private shareholders. Local public companies (SPL) are 100% owned by public authorities. Both companies operate under civil and contractual law. However, the local public company is relieved from public procurement obligations.

The SPL legal status has been introduced in French law in 2010 and remains a controversial structure as it combines the “administrative” advantages of the public and private sectors while not supporting the constraints of competitive bidding.

Sources : [Autres modes de gestion des services publics locaux | collectivites-locales.gouv.fr](http://collectivites-locales.gouv.fr) ; [Vers un retour en force de la gestion directe des transports publics locaux ? \(sia-partners.com\)](http://sia-partners.com) ; [01-15-Presentation-gestion-directe-VF.pdf \(agir-transport.org\)](http://agir-transport.org)

Toulouse (2006)

Nature of remunicipalised service

Geography: Toulouse urban area (81 municipalities, 957 km²). With over 1 mn inhabitants in 2021, it is the 4th most populous urban area in France, behind Paris, Lyon and Marseille.

Type of transport: urban transport, including 2 lines of metro, 1 line of cable car, 10 bus lines Linéo (for the most part these buses use dedicated lanes) and 140 bus lines.

Volume: Nearly 200 million trips were recorded in 2019 on the network. In 2021, the annual budget was EUR 147 mn. Half of the budget is financed by local and regional authorities. The rest is financed through national and European subsidies, transport users and investors (e.g. pension fund).

Source: [Qui sommes-nous ? | Tisséo \(tisseo.fr\)](#)

Legal form

Previously delegated to the mixed economy company SEMVAT and then fully privatised, urban transport are not managed by a “Régie” with the establishment of an EPIC (Tisséo Voyageurs).

Identity of private operator

Up until 2004, the services were provided by a mixed economy company, owned as follows:

- 80% by local authorities and the city of Toulouse
- 9.2% Transdev
- 10.8% minority shareholders

In 2004, upon contract expiry, a new call for tender was issued. SEMVAT lost the bid to operate and one single private company Connex, a subsidiary of Veolia won the contract. This means that the network was entirely privatized.

Two years later, the local authorities decided to remunicipalise.

Sources: [Premier jour pour Connex - ladepeche.fr](#); [ETF report \(Box 1\)](#)

Reasons for remunicipalisation and political majorities

According to local press and the European Transport Workers' Federation (ETF) the move was politically motivated and strictly linked to the presence of a left-wing majority at the local council.

In 2004, the right wing mayor of the city of Toulouse (Jean-Luc Moudenc) stated his intention to maintain the privatization in favour of Connex. The political majority in the local council (“Conseil Général”) was socialist and opposed this privatization. Following a tense political debate and several administrative procedures, the vote in the local council was won in favour of the

remunicipalisation. In 2008, a new socialist mayor of the city of Toulouse was elected. In 2014, the former conservative mayor came back in power.

Sources: [local press \(2005\)](#); [local press \(2005\)](#); [ETF report \(Box 1\)](#)

Post remunicipalisation assessment

A 2019 audit report has expressed concerns about the financing capacity of the public authority of a strategic metro line. The report also highlighted a number of accounting irregularities (“the entity unduly ensures the cash flow of Toulouse Métropole which pays its contribution more than a year late, pays bonuses to its staff on uncertain grounds, benefits from agents made available by Tisséo Voyageurs in conditions contrary to regulations and neutralizes the amortization of part of its investments, which allows it to finance this operating expense through borrowing”).

Tisséo contested this report.

Concerning Tisséo performance, a 2017 student thesis positively evaluates the service from the perspective of users having regard to the spread of the network, security, comfort, etc.

Sources: [audit report \(2019\)](#); [national press \(2019\)](#); [local press \(2019\)](#), [Student thesis \(2017\)](#)

Was there resistance?

Tight political fight.

Nice (2013)

Nature of remunicipalised service

Geography: Nice urban area (51 municipalities, 1479 km²). 560 351 inhabitants. 80% of the territory is in rural or mountain area.

Type of transport: urban transport: 93 bus lines and 3 tram lines.

Volume: Annual accounts are not published. According to the commercial website, 200 000 trips on a daily basis.

Source: [Lignes d'Azur \(lignesdazur.com\)](#)

Legal form

Prior to the remunicipalisation, bus and tram lines were operated by a private company, through a public service delegation. Upon expiry of this contract a new call for tender was issued in 2012. Two offers were made by private operators, both deemed unsatisfactory by the public authority.

It was therefore decided to end the public service delegation arrangement. The services were brought under public ownership, in the form of a **régie** with the establishment of an EPIC. In 2019, the arrangement was renewed for another 5 years with the possibility of express renewal for another 3 years.

The Régie entrusts the operation of some of the lines to 6 operators through public tendering.

Sources: [Regional newspaper](#) ; [Deliberations of local council 21.09.2012](#) ; [Local authority website](#)

Identity of private operator

From 2005 to 2012, the operator was ST2N, a subsidiary of the Veolia Transdev. In 2012, the contract came upon expiration and a new call for tender was issued. Two offers were made: one by ST2N, for a renewal of their contract, and another one by a competitor Keolis.

Reasons for remunicipalisation

According to the local council deliberations, the decision to remunicipalise was motivated by financial reasons. The public authorities engaged in unsuccessful negotiations with the two bidders to try to bring the cost down.

Local news reported that both bidders planned a 20.3% - 23.5% cost increase, representing a EUR 81 mn-100.7 mn increase over a 7 year period.

Sources: [Deliberations of local council 21.09.2012](#); [Regional newspaper](#)

According to another source, the vast irregularities in the public transport call for tenders procedure constituted another reason for the remunicipalisation. “Faced with the risk of litigation, local elected officials had to suspend the allocation procedure and remunicipalise the management of their transport service”.

Source: [Desmaris & van de Velde \(2023\) at p.14](#)

Political majority

Conservative. The very mediatic Christian Estrosi from the right wing party ‘Les Républicains’ has been elected (with a large majority) President of the local council in 2012 and renewed since then.

Post remunicipalisation assessment

At the time of the remunicipalisation, Estrosi announced substantial savings and a better control of local budget for the years to come. The choice to return to the public sector involved the hiring of all 1,100 ST2N employees who were taken over with their salaries and social benefits”.

In 2014, an official audit report covering the years prior to remunicipalisation noted a strong “scissor” effect in the urban transport budget with significant increase in expenses against virtual stagnation of recipes. It appears in particular that the local authority increased its payments to the

private operator by 32% in 2012. The audit noted that the then recent decision to remunicipalise was in line with the applicable legal framework.

In 2020, Estrosi presented a positive evaluation of urban transport, citing significant investment into infrastructures, improved quality of air and quality services to users. The opposition raised concerns about the lack of a scientific evaluation.

Sources : [local press \(2012\)](#) ; [Audit report \(2014\)](#), [local press \(2020\)](#)

Was there resistance?

There is few publicly available information on possible resistance to the remunicipalisation.

Desmaris & van de Welde article make a passing reference to possible risk of litigation linked to improper tendering procedure. The local Council deliberations make a cryptic reference to “the unwelcome disclosure of certain secret elements” of the procurement bid.

Source: [Desmaris & van de Velde \(2023\) at p.14](#); [Deliberations of local council 21.09.2012 at p.2](#)

According to national press, the fact that the decision to remunicipalise came from a conservative municipality ruled out the hypothesis of ideological motivations. Private companies publicly expressed concerns that the decision of Nice's elected officials would mark the start of a broader movement back to management direct public transport by municipalities.

Source: [National press \(2012\)](#)

Strasbourg (2019)

Nature of the remunicipalised service

Geography : Strasbourg urban area (33 municipalities, 337km²). 514 651 inhabitants.

Type of transport : urban transport (6 tram lines, over 40 bus lines, 11 park & ride).

Volume : 127 million trips recorded in 2022, on average 460 000 per day. In 2022, CTS revenues were composed of EUR 145 mn in public subsidies and 48.8 mn in sales. Its capital amounts to EUR 5 mn.

Source: [Official website](#)

Legal form

The CTS (Compagnie de Transports Strasbourgeois) transitioned from a mixed economy company to a local public company. The local public company is jointly owned by the Eurométropole de Strasbourg (80% of shares) and the Grand Est region (20%).

Source: [Official website](#)

Identity of the private operator

Before the remunicipalisation, CTS was a “mixed economy company” (société d’économie mixte). The company's capital (5 million euros) was owned as follows:

- 52.4% by the Eurométropole of Strasbourg
- 26.3% by the departmental council
- 12.5% by the private company Transdev.

Other minority shareholders included the Caisse des Dépôts et Consignations (French financial institute which among other manages pension funds from the public sector) and the company Électricité de Strasbourg.

Source: [annual reporting 2018](#)

Reasons for the remunicipalisation

The concession contract granted to the mixed economy company came to expiration in 2020. The main reason for the change of ownership appears to be a legal one.

According to the official website of the company, the change in the corporate structure had for objective the creation of more synergies between the different transport networks and the organization of the interurban network.

According to the deliberations of the local council, the mixed economy company was very effective in the development of the infrastructures and user satisfaction was high. The council noted that the governance was always very close to the régie model. However, due to a change in French law it appeared no longer possible to continue with this model. Thus the change of governance responded to 3 main objectives:

- guarantee and conserve the key performance factors of the network
- optimize the expenditure/revenue ratio to ensure adequate offer, including in sparsely populated areas
- find an appropriate governance model to develop a new transport layer.

The “local public company” was considered to be the only legal vehicle making it possible to implement major infrastructure projects (as briefly described in the above section on context, local public companies enjoy greater flexibility of procurement rules).

Sources : [local council deliberations \(2018\), at p.992](#); [corporate website](#)

Political majority

In 2018, the elected President of the Eurometropole de Strasbourg was Robert Herrmann from the socialist party. Since 2020, the President is Pia Imbs without formal affiliation to a political party. She declares herself as centre right.

Post remunicipalisation assessment

We have not been able to identify an objective assessment of CTS after the creation of the régie. An audit report from 2020 describes an excellent financial and user service record for the years preceding the change of legal form. However, it also expressed concerns about governance, in particular insufficient control by public authorities of the then mixed economy company. It is unclear to which extent these governance challenges have been addressed by the new legal structure.

Source: [Audit \(2020\)](#)

From 1 September 2021, children and teenagers under 18 years old can travel free of charge in the Strasbourg Eurometropolis or Kehl with unlimited travel on the entire CTS bus and tram network, thanks to a €0 season ticket.

Source: <https://abonnement-gratuit.cts-strasbourg.eu/>

Was there resistance?

Our research has not evidenced clear signs of resistance to the change of ownership. It may be relevant to note that the change of governance was done through a share buy-back and that, in the words of the local council, prior to 2019 the governance was always very close to the régie model.

Grenoble (2021)

Nature of the remunicipalised service

Geography Grenoble urban area (49 municipalities, 541 km²). 433 000 inhabitants.

Type of transport: urban transport (5 tram lines, 50 bus lines, 19 park & ride).

Volume: 89 million trips a year. In 2021, EUR 27 mn turnover.

Source: [Official website](#)

Legal form

MTAG transitioned from a mixed economy company to a local public company. The new local public company is entirely owned by a range of local authorities, including the municipality of Grenoble.

Identity of the private operator

Before the change in legal form, MTAG was a mixed economy company with the following ownership:

- 51.75% by Grenoble urban area
- 40% by Transdev
- 8.25% by minority shareholders, including various financial institutions and chamber of commerce.

Source: [annual reporting 2022](#)

Reasons for the remunicipalisation

According to Desmaris & van de Welde, the change of governance is a rare case of a complex local political game. The change of governance was allegedly motivated by the Métropole's desire to write the local political game on mobility issues to its advantage, “at the expense of the city of Grenoble” .

Source: [Desmaris & van de Velde \(2023\) at p.14](#)

This motivation does not appear in public documentation, which rather focuses on the more flexible framework afforded by the local public company status as competitive tendering processes are no longer required. This appeared necessary to create synergies between transport modes (including parking space).

There is also a desire to better control the company. Unlike Strasbourg, it appears that the influence of the private shareholder in the former legal entity was very strong. According to an audit report, Transdev occupied a preponderant place in the management of the mixed economy company, able to undermine the pre-eminence of public shareholders on the board of directors. This domination was accompanied by an advantageous limitation of financial risks.

Source: [Audit report \(2023\)](#)

Political majority

The President of the Grenoble-Alpes Métropole is Christophe Ferrari, elected in 2014. He is former socialist party, now longer affiliated but classified as “various left”. Previously, the Métropole had been presided by the socialists since 1995.

Post remunicipalisation assessment

According to the 2023 audit, the new status brings flexibility in the relationship between the public owners and the operator of the service. But the actual control of the shareholders over the company is still not optimal. New governance rules must therefore be put in place.

The audit report is satisfied with the overall management and the quality of the service. Wage levels are higher to the national average in the private sector. That said there are some improvements to be brought for instance to the purchasing process or the flow of information.

Source: [Audit report \(2023\)](#)

Since the switchover of public transport services to public management, there has been observed a dynamic development of the transport network under the “Plan de déplacement urbain” (PDU). Examples include the new Pass'Mobilités app, free travel on the M'Tag network for children under 11 on Wednesdays, Saturdays and Sundays, the increase in the M'Vélo+ fleet (nearly 10,500 bikes in April 2023 compared to 7,800 in September 2020), the development of the M'Covoit Lignes+, M'Covoit RDV and M'Covoit Pouce carsharing services, the opening of new NGV stations (seven by the end of 2023) and the four-fold reduction in the price of the M'Tag subscription for the youngest. [Plan de déplacement urbain : Où en est-on ? \(grenoblealpesmetropole.fr\)](#)

<https://abonnement-gratuit.cts-strasbourg.eu/>

Was there resistance ?

Our research has not evidenced clear signs of resistance to the change of ownership. The only indication is the above mentioned reference to a power struggle between various local authorities. This may be reported in local press, which is not freely accessible on the Internet.

Montpellier

Nature of the remunicipalised service

Geography Montpellier urban area (31 municipalities, 421 km², 499 761 inhabitants).

Type of transport: urban transport (4 tram lines, over 40 bus lines, parking space).

Volume: In 2022, EUR 60.2 mn turnover.

Source: [Montpellier urban area website](#), [Key financial data](#);

Legal form

TAM transitioned from a mixed economy company to a local public company. The new local public company is entirely owned by a range of local authorities, including the municipality of Grenoble.

Identity of the private operator

Before the change in legal form, TAM was a mixed economy company with the following ownership:

- 46.02% by Montpellier urban area
- 9.11% by the city of Montpellier
- 19.99% by Transdev
- 11.46% by Caisse des depots (French financial institute which among other manages pension funds from the public sector)
- 13.42% by minority shareholders, including financial institutions and chamber of commerce

Source: [Non financial reporting 2022](#)

Reasons for the remunicipalisation

According to the recording of the local council, the change of status is mostly motivated by legal reasons and the need to secure upcoming decisions in relation to the move towards free commuting. This move towards free transport is presented as essential to pursue environmental objectives.

According to Desmaris & van de Welde, there were also “financial motivations, the search for a modal shift and an increase in the number of users of the network”.

Sources: [Video recording of local council meeting \(point 2 of the agenda\)](#); [Desmaris & van de Velde \(2023\) at p.14](#)

Political majority

The President of Metropole Montpellier is Michael Delafosse from the socialist party. Between 2014-2020, the Presidency was given to Philippe Saurel first classified as “various left” then affiliated to LREM, the current Presidential party. Prior to Saurel, the political majority has been socialist since 1977.

Post remunicipalisation assessment

An audit analysed the accounts and management of TAM for the period 2015-2021, i.e. before the change in legal status. This audit was critical of the functioning of the service both due to governance issues and financial aspects. Similarly to the situation in Grenoble, the audit underlines the heavy influence of Transdev on governance, which may have been the source of conflicts of interest when it came to the choice of subcontractors. The audit reported that some services were

outsourced to Transdev with unbalanced financial conditions, largely in favour of this private company.

The President of the local council Michael Daelafosse raised strong objections to this audit report thereby defending the performance of the mixed economy society. It is not clear to which extent some of the issues raised by the audit are being addressed with the new legal form.

Sources : [Audit report 2023 local press \(2023\)](#)

On 21 December 2023, Montpellier Méditerranée Métropole became the largest European metropolis to introduce free public transport for all its inhabitants. Five months into the free public transport, journeys by public transport increased by more than 20%. Officials say the number of people using public transport jumped by 23.7% in the first three months of 2024 compared to the same period in 2019. Officials also say a particular increase in numbers has been seen “during traditionally off-peak hours” which it believes shows people are diversifying their use of public transport for leisure and socialising.

Source : [national press \(2024\)](#)

Was there resistance?

The decision sparked strong reactions from political opposition. Max Lévida, finance deputy in the previous majority, stated: “You are playing Monopoly with TaM. This decision is not very serious.” For Clothilde Ollier, opposition metropolitan councilor, “a local public company, in addition to escaping public contracts, also helps friends in power [...] the text constitutes a real call for favoritism, for the illegal taking of 'interests and the abuse of social property'. For her part, Alenka Doulain, from the group “Nous Sommes”, deplored that the introduction of free transport is accompanied by the rearrangement of certain lines, next September: “300,000 km of journeys are eliminated, we are returning to 2019”.

Sources: [Local press \(2021\)](#) ; [Video recording of local council meeting \(point 2 of the agenda\)](#); [Desmaris & van de Velde \(2023\) at p.14](#)