

Transport Investment – proposals for LGA work to make the case for spending on transport

Summary

Following discussion at the September meeting, the Board agreed to undertake a work programme aimed at protecting investment currently earmarked for transport and to make the case for spending in the next spending review period and in the longer term. This paper sets out key elements and timescales of that work programme. Members are invited to comment on the issues to be covered by the report and to suggest published reports or case studies that would inform the work.

Recommendations

Members are asked to comment on the issues to be covered by the publication (listed in paragraphs 6 – 9 of this report) and to suggest published reports or case studies that would inform the work.

Action

To progress the proposed work programme and report progress at future meetings of the Board.

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Background

1. There is increasing speculation about possible future spending priorities and how a reduction in public spending might be achieved, both in the next spending period, from 2011 – 14 and in the longer term. Figures from the 2009 Budget show capital investment is set to fall by 17% in real terms between 2011/12 and 2013/14, but many commentators are predicting more severe cuts. The long-standing view of the Board is that transport has not received enough emphasis within the overall pattern of public spending generally. There is now a significant risk that investment in transport could be disproportionately affected by requirements to reduce public spending. The Board therefore identified the need to demonstrate the case for investing in transport as a key facilitator for economic recovery and growth, for improving levels of social inclusion and access to jobs, services, education and skills.
2. Following discussion at the September meeting, the Board agreed to undertake a work programme aimed at protecting investment currently earmarked for transport and to make the case for transport in the next spending review period and in the longer term. The Board also expressed a wish to explore alternative means of financing transport infrastructure investment. This paper sets out key elements and timescales of that work programme. Members are invited to comment on the issues to be covered by the report and to suggest published reports or case studies that would inform the work.
3. **Responding to current cuts and delays to transport spending.** In the short term, there is a need to protect current planned investment in transport from further cuts and delays. The Chair of the Board on wrote to Andrew Adonis on 22 October to raise councils' concerns (a copy of this letter is attached at annex A) and request further discussions on this issue. LGA officers are pursuing this request with DfT officials.
4. **LGA report on investment in transport.** It is proposed that Board produce a report making the case for investment in transport to be published in Spring 2010. The report will be targeted at key national decision makers in advance of the general election and spending review expected in 2010.
5. The report will be largely a desk-top study drawing on existing evidence (for example recent work by Centre for Cities and PTEG on the benefits of transport investment, and the Eddington Transport Study) and providing case studies and practical examples. The main issues in the report might include:
6. **Establishing the economic benefits of transport.** The report will acknowledge that in the current economic climate, difficult decisions about funding priorities will need to be made, but argue that spending on transport can play an important role in supporting local economies and stimulating economic growth. It will examine current levels of funding for transport in the UK and economic benefits delivered by different types of funding. It will demonstrate how maintaining investment can

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create jobs and stimulate activity in local construction industries which will play an important part in helping the most disadvantaged areas recover from the recession. It will also highlight how cuts to investment in transport now will undermine recent investment and increase the costs we face in the future

7. **Environmental benefits of investment in transport.** The economic case for investment in transport is strengthened by the environmental case and the important contribution that transport has to make to achieving the UK's carbon reduction commitments. This section will make the case that the cost of carbon needs to be taken into account in future option appraisal methodologies. It will provide evidence on how investment in transport, locally and nationally can reduce carbon emissions and the equivalent savings in monetary terms.
8. **Maximising efficiency and value for money of investment in transport.** The report will argue that now more than ever, there is a need to ensure the most efficient and effective use of public money. This will require a radically different approach to how funding is managed and spent to improve outcomes from spending, while also making the savings that government needs. This will draw on LGA's corporate work on the Total Place agenda and make the case that local government can offer savings for devolution. Bringing together different funding streams into one single pot, under the control of local councils rather than Whitehall, would help councils to target investment where it is most needed, even when there are less money available. It would also generate savings by allowing councils to manage the available funds more efficiently, in a way that the current fragmented nature of funding prevents them from doing. In addition it would reduce the resources required centrally to manage different funding streams.
9. **New mechanisms of financing transport investment.** There is also a potential for councils to develop innovative ways raising finance locally, attracting private investment and by borrowing against future revenue streams to supplement investment from Government. The report will look at examples where councils have demonstrated their enthusiasm to develop innovative finance mechanisms, like Birmingham's Accelerated Development Zones and Nottingham's Workplace Parking Levy. It will also explore the future role of road pricing and tolling in financing transport investment.

Financial Implications

10. Staffing and other resource implications of the report will be met within budgeted resources; we have proposed that work under this heading be included as a priority in the 2010-11 Group Business Plan.

Implications for Wales

11. The report's scope extends to Wales and would aim to discuss it with WLGA as we prepare it.