transport times

The independent voice of transport

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December 2009

A welcome return to the 1970s and centralisation
Why we should try the LibDem UK bank p8

Can Total Place triumph over total bureaucracy?
How local authorities can pool resources p13

What carbon trading means for public transport
Can cap and trade work on buses and trains? p27

Don't turn off the investment tap

Transport Times **launches campaign**

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Why transport investment is crucial to the economy

As we go to press the Chancellor of the Exchequer, Alistair Darling, has just delivered his Pre-Budget Report. As he tries to get to grips with the whopping £178bn public sector deficit (for this year alone) he has reaffirmed plans to halve the deficit in four years. Whatever the cuts in public expenditure, history tells us that transport will be cut at twice the average.

In this issue *Transport Times* launches a campaign to protect investment in transport infrastructure and to shift the burden of taxation to green taxes such as fuel duty and other carbon taxes. We cannot make the mistake that has characterised every recession in living memory: we slash expenditure on transport infrastructure to make good the public finances and then wonder why we have the most congested railways, airports and roads in Europe.

The UK transport disease is our inability – or public and political unwillingness – to constrain demand for travel while failing to increase the supply of infrastructure. The result is excess demand resulting in chronic congestion for all modes of transport. This not only imposes unacceptable economic costs but much higher pollution, with planes circling airports such as Heathrow waiting for a landing slot and road vehicles moving much slower than their optimum fuel efficiency speed.

Some of the key players from the transport sector put the case in this issue for protecting transport investment. We are delighted that Lord Adonis has backed our campaign. We have strong support from all corners of the UK, from London to Scotland and the North of England.

Peter Hendy, London's Transport Commissioner, argues that the recession has strengthened, not diminished, the case for investment in the capital's transport system (page 22).

Terry Morgan, Crossrail's chairman, emphasises the skills legacy that the project will leave: at the peak of construction the project will employ a staggering 14,000 people (page 23). When we have turned off the transport investment tap in the past we lost the project managers, engineers

'The UK transport disease is our inability to constrain demand for travel while at the same time failing to increase the supply of infrastructure'

and other skilled workers essential for delivery. When the Government stepped up investment in transport in 2001 the main constraint was an acute shortage of skilled workers.

We cannot turn the investment tap on and off and expect the human resources to be available when we need them. That is why the Crossrail Tunnelling Academy will leave a legacy that High Speed Rail and other projects can benefit from.

Stewart Stevenson, the Scottish Government's minister for transport, infrastructure and climate change, reminds us (page 25) of how ambitious the transport investment programme is north of the border, despite recent enforced cuts to the programme which have led to the scrapping of the Glasgow Airport Rail Link.

John Jarvis from the Northern Way highlights how crucial transport investments are for the economy of the North of England (page 24). The cities that are the key drivers for growth in the north, Manchester and Leeds, have very poor connectivity between them. The number commuting between the two largest cities in the north is 40% less than it should be, and a 20 minute reduction in the commuting time would result in £6.5bn in economic benefits.

James Drummond, CEO of Invensys Rail, the signalling supplier, argues a compelling case for more investment in rail, citing a higher multiplier effect between public and private investment and in job creation than exists in other sectors.

Meanwhile the establishment of Infrastructure UK by the Chancellor is welcome. It will help the transport sector to have its investment proposals compared with bids from other sectors, measured against the impact on the economy. The rigorous benefit-cost appraisal that public sector capital projects have to pass is not replicated in other spending departments.

Our campaign cannot be seen by the Treasury as special pleading by one sector. We have to put a strong and robust case to justify why transport investment is crucial to our future economic prosperity.

Yet if this campaign focuses solely on improving transport infrastructure, without looking at how we can reduce the sector's carbon footprint and make more efficient use of the infrastructure we have through pricing, then it will have failed. The Green Fiscal Commission's report published last week is radical and sensible. When it comes to taxation it must be right that we "pay as we burn". Green taxes account for only 7% of tax revenue – down from 9% ten years ago – and the commission recommends this should rise to 20%. While higher fuel duty has proved to be politically toxic in the past, it may receive a less hostile reception if the alternative is income tax levels not seen in the UK since the 1970s.

If you want to join our Transport Investment Campaign please get in touch.

David Begg

David Begg is publisher of *Transport Times.*

contents

Smarter government aims to save £12bn

Prime minister Gordon Brown personally launched plans this week to save £12bn a year over the next four years through streamlining government.

"Putting the Frontline First: Smarter Government" will build on earlier work such as the Gershon review which the Government says has delivered annual savings of £26.5bn.

The new figure includes £3bn of efficiency savings identified since the Budget, of which over £1.3bn will come from streamlining central Government.

Local government will be given greater flexibility to innovate and collaborate, which communities secretary John Denham said would "help deliver better quality public services more efficiently".

The relationship between central Government and frontline service provision will be recast, building on the pilot "Total Place" approach which lets local areas set priorities, focus on the needs of users and eliminate duplication while reducing centrally imposed burdens.

This will be achieved by "streamlining the national performance framework", reducing the number of national indicators or targets for local areas by April 2010 and continuing in 2011. The number of revenue streams to local government will be reduced: the Government will produce proposals by next year's Budget on pooling and consolidating local-level budgets for frontline services. Local authorities that wish to use trading powers to create "commercial opportunities" will be supported.

Guidance on the effective use of joint ventures by local authorities and partners through using pooled budgets will be produced by next February.

Timing of assessments and inspections will be co-ordinated by 2010/11 and £100m will be saved by reviewing the work and number of inspectorates.

The Total Place pilots will be asked to quantify total burdens across local agencies, to report at the time of next year's Budget.

Plans for central government include streamlining the senior civil service to save £100m a year and radically reforming senior pay across the public sector, and merging or abolishing up to 120 arm's-length bodies, integrating back office functions and selling off government assets.

Reducing spending on consultancy by 50% and marketing and communications by 25% will save £650m.

£30m will be invested over three years to get a further one million people online and increasing the number of services available via the internet, including some benefits claims.

Online service provision and a reduction in face-to-face contact will result in over £600m of new savings, the government predicts. The Digital Britain roadmap, to be produced by the end of next year, will focus on transition plans for services such as student loans and child tax credits.

Data and public information will be radically opened up, including the release of Ordnance Survey map data, real-time rail timetables, and more detailed departmental spending data.

A greater use of "the power of comparative data" – league tables of performance data – will be used to improve standards.

Tony Ciaburro, page 13

Darling rejects rush to spending cuts

Chancellor Alexander Darling reiterated plans to halve the spending deficit over the next four years "in an orderly way, which does not threaten the investment vital for our future". Announcing that the Government would stick to spending plans for 2010/11, he also announced further rail electrification and a new body to advise the Government on infrastructure.

In his pre-Budget report this week he stuck to the expectation that the economy would return to growth in the fourth quarter of this year, despite the economy shrinking by more than forecast, at 4.75%.

However, reducing spending too soon would be "dangerous", risking delaying the recovery and threatening a longer recession.

Next year total public spending will increase by £31bn, a growth rate of 2.2% in real terms. Borrowing is forecast to be £178bn this year, £176bn next, and then falling to £96bn in 2013-14. Net debt will rise to 78% by the end of the forecast period in 2014-15, but even at its peak, it would be in line with the average for the other G7 economies, he said.

Investment "to keep goods and people moving" was a key part of the strategy and "continued public investment here is essential to growth", he said.

He reiterated the Government's commitment to Crossrail, the Thameslink project, the upgrade of the M1, and the rail electrification programmes for the Great Western main line and the North West announced in July.

Mr Darling announced that he had given the go-ahead to further plans for rail electrification between Liverpool, Manchester and Preston, with details to follow shortly from the DfT.

One of the merged quangos to come out of the smarter government plans will be a new body, Infrastructure UK, which will consolidate the Infrastructure Finance Unit, the Treasury public-private partnership team and Partnerships UK's support staff for projects and programmes.

The new body will develop a strategy for the UK's infrastructure over the next five to 50 years by the 2010 Budget, identify and attract new sources of private sector investment and "actively support

Electric cars will be exempt from company car tax for five years, the chancellor said

the delivery of major infrastructure projects and programmes". One of its immediate priorities will be advising on the Government response to the High Speed 2 proposals for a high speed rail line to the West Midlands.

Electric cars they will be exempt from company car tax for five years, and there will be a 100% first year capital allowance for electric vans.

However, he said, "once the recovery is secured, we must reduce the rate of growth in public spending. The spending environment will be tough over the next few years."

Current spending growth would fall to an average of 0.8% a year between 2011-12 and 2014-15, though spending on schools, health and policing would continue to increase in real terms.

Climate committee says aviation can grow by 60%

Fleet fuel efficiency is expected to increase by 0.9% annually

Lord Adonis backs *TT* investment campaign

Transport secretary Lord Adonis has endorsed the *Transport Times* campaign to protect the level of transport investment through the recession. On page 20 onward a range of key industry figures set out the arguments on how transport benefits the economy in the short and long term.

Lord Adonis said: "Of course these are tough economic times. But I am determined that there should be no repeat of the stop-go approach to investment in transport infrastructure that has bedevilled this country since the Second World War.

"Sustained transport investment under this Government has enabled us to recover from decades of under-investment and to catch up with competitor economies around the world. But investment must be sustained over a generation, not a decade, if the UK is to have the world-class transport system it needs to remain competitive and if the UK is to be a world-leader in the new low carbon transport industries.

"That's why we are absolutely committed to essential but sustainable transport infrastructure projects like Crossrail, Thameslink, rail electrification, the Manchester and Nottingham trams, our managed motorway programme, and of course to catching up with the rest of the world by developing a high speed rail network here in the UK."

Aviation growth must be constrained to 60% above current levels by 2050 to meet the Government's target that aviation emissions by that date must not exceed 2005 levels.

This compares with a 200% increase that would occur based on unchecked current trends, according to a new report from the Committee on Climate Change.

The lower figure equates to a maximum number of air traffic movements of around 3.4 million annually in 2050 compared to around 2.2 million annually in 2005.

The report concludes that fuel efficiency and operational improvements will result in a 30% reduction in carbon emissions per seat-km flown and that biofuels could account for 10% of aviation fuel use in 2050. Fleet fuel efficiency and biofuel use is assumed to bring about a 0.9% annual improvement in carbon efficiency.

Greater technological improvements may make more rapid demand growth possible but it is not prudent to plan on this basis, the committee says. There are "significant uncertainties" over the levels of sustainable biofuels that will be available for use in aviation, the report warns, making 10% the maximum prudent level on which planning can be based.

The committee also warns that growing scientific evidence on the effect of other emissions from aircraft, such as water vapour, on global warming could lead to a further tightening in the aviation target.

Lord Adair Turner, chair of the committee, admitted that the projected level of aviation demand would require deeper cuts in other sectors to achieve an overall 80% cut. But he argued this made sense because, for example, renewable power generation, electric cars and a greater use of electric trains should allow much greater decarbonisation in those sectors.

A number of measures could constrain demand. A carbon price rising gradually to £200/t of CO_2 by 2050, combined with capacity constraints as envisaged in the 2003 aviation White Paper (which proposed additional capacity only at Edinburgh, Heathrow and Stansted) could limit demand growth to 115% by 2050.

High speed rail substituting for domestic and short haul flights could reduce demand by 10% in 2050. Videoconferencing technology could substitute for up to 30% of business trips by the same date.

But all these together are unlikely to be enough and additional policies – outside the committee's remit – would be required to limit demand further.

The report assumes the existence of an international agreement to limit aviations emissions in all countries. It does not express a view on expansion at specific airports or Heathrow's third runway beyond saying that achieving the target would be compatible with "a variety of different policies in respect of expansion at specific airports".

The report was welcomed by both business, as a green light for aviation growth, and environmental groups, as a reality check for plans for a huge expansion in air travel. The Campaign for Better Transport called on the Government "to focus on modal shift to rail instead of hoping for technological breakthroughs".

David Begg comments

The Committee on Climate Change has got it right on Heathrow's proposed third runway. As *Transport Times* has consistently argued the debate should be focused on noise, community severance and local pollution. Extra capacity at Heathrow will have little impact on carbon emissions. People will continue to fly and rival hub airports such as Schiphol and Charles de Gaulle will otherwise be the beneficiaries. This highlights how critical it is that action to constrain the growth in aviation must be taken at international level and at the very least European level.

The Heathrow third runway debate tells you everything you need to know about the UK transport disease. We are not prepared to take the action required to restrict demand for transport but we are the world's leader at restricting supply of infrastructure. The result is chronic congestion which can be seen in the sky over London as aircraft circle waiting for a landing slot. Plane stupid!!

Prepare for an age of austerity

By David Begg

The chill winds of economic depression are about to hit the transport sector. Up to now private companies in the sector have borne the brunt of the cuts in expenditure. For example, public transport operators have been driving down their cost base in a desperate attempt to preserve profit margins. Transport in the public sector has been relatively immune.

That will change after the general election, when the overriding policy objective will be to get to grips with the country's burgeoning fiscal deficit.

Historically, transport has always been more exposed to public expenditure cuts than other sectors and this time will be no different. It is much easier to scrap a road scheme, reduce spending on road maintenance or delay a railway project than it is to close a school or a hospital.

Over the last 10 years public spending on transport has almost tripled, comparing favourably with most other spending departments, and closing the gap on other European countries in transport spending per capita.

But the boom times are over and we had better prepare for a decade of austerity. The Treasury's own forecast is that total investment spending will fall by a half from £44bn this year to £22bn in 2013. Whatever the percentage cut in public expenditure, history tells us that transport will be cut at twice the average rate.

The Department for Transport (DfT) spends just over £12bn per annum: £5bn goes on rail (£3.5bn to Network Rail and £1.5bn to train operating companies to run the rail franchises), £4.5bn to the Highways Agency, and the rest on direct grants to local authorities and support for the bus industry.

With around 40% of the DfT's budget going on rail, you would think that it would be exposed to cuts. However, too much is already contractually committed and there are few easy pickings. The Office of Rail Regulation's efficiency squeeze on Network Rail will yield a maximum of £1bn in annual savings by the middle of the next decade and most of the franchise commitments DfT has with the Train Operating Companies have some way to run.

The political pressure that has been mounting over the level of rail fares will make it very difficult for any future government to ask passengers to pay more.

This means that rail expenditure is relatively fixed compared with the budgets for the Highways Agency and local government. Any expenditure in these areas that is not committed and firmly nailed down is vulnerable in a decade that will witness a purge on public expenditure on an unprecedented scale – even eclipsing the cuts imposed by the Thatcher Government in the early 1980s.

The implications for the transport sector are immense. Can we afford the national free travel scheme for the elderly? Expenditure on this is growing wildly as the number eligible spirals upwards. With the unemployment rate likely to shoot up towards 10% there will pressure on the transport sector to contribute towards plans to get people back to work and reducing transport costs will be high on the agenda. Reducing the number of jobless people should take precedence over the national free travel scheme, but the politics may make this impossible.

The bus industry receives a £130m annual grant to help offset the fuel duty it pays. This will be high up the list for the chop. Bus operators will argue that this will push up fares, and why should they pay fuel duty when rail and aviation do not? But their pleas will fall on deaf ears.

The Highways Agency's budget looks very exposed. Postponing or cancelling extra road capacity will save money; it will have less impact on congestion levels during an economic downturn with declining or slow growth in traffic volumes and will meet with minimum public resistance. When the economy picks up, traffic levels will return to their upward trend, creating more congestion.

The recent paper by the RAC Foundation – calling for the Highways Agency to be turned into a corporate body as part of a wide-ranging reform of Britain's road system – has made politicians sit up and take notice. The main political parties will keep a healthy distance from the proposal for fear of being accused of wanting to privatise the roads; they certainly do not want to turn it into an election issue. It will, however, be top of the 'to do' list for the next Government's secretary of state for transport because if the Government is looking for up to 20% cuts in public expenditure, for transport this will translate into cuts of at least 30%.

Financial expediency could give a boost to the road pricing agenda. Over 30 local authorities were prepared to implement congestion charging in the late 1990s; since then the growth in local authority funding for transport has dampened the appetite to tap into new revenue sources.

Historically, the British transport disease has been to curtail expenditure on capacity (road, rail and airports) while failing to restrict demand. The result is we have the most congested transport system in Europe.

What a perfect opportunity to break away from our past mistakes by charging for congestion and pollution, constraining demand for travel when the upturn comes and at the same time raising much needed revenue. This would be much better for the economy and the environment than putting the emphasis on taxing income, wealth creation and employment.

This is an edited version of a chapter of *Opportunities in an age of Austerity*, edited by Carey Oppenheim and Tony Dolphin and recently published by the Institute for Public Policy Research, available as a free download at www.ippr.org.uk/publicationsandreports

Cancelling road projects will store up congestion when the upturn arrives

The RAC Foundation proposal to reform Britain's road system has struck a chord with politicians

Green fund nets orders for 349 low carbon buses

The market for low-carbon buses, and UK bus makers, will receive a £100m boost following the announcement of the Department for Transport's Green Bus Fund winners.

Some 17 bus companies and seven local authorities will now be able to buy a total of 349 hybrid and electric buses, to be in service by March 2012.

The scheme, announced in July, is intended to boost the market for hybrids and provide certainty for manufacturers by contributing to the extra cost of a hybrid compared with a conventional diesel bus, which can be as much as £100,000.

Under the scheme bidders competed for a grant of up to 100% of the cost differential. The limit for any organisation was £5m. Bids were ranked according to the amount sought per bus with the lowest first, and funds were allocated to bidders in ascending order until the £30m was exhausted.

At present only 56 hybrid buses are in operation in the UK, all of them in London. Although fuel savings over the life of the bus may exceed the initial premium, this had not been enough to generate a market. With these orders providing a guaranteed volume of production, manufacturers' cost premium should now start to decrease.

Bids covered vehicles from five manufacturers: Alexander Dennis, Optare, Volvo, Wrightbus and MCV. To be eligible for the scheme all the buses must produce emissions 30% lower the equivalent Euro 5 diesel version.

Winning bids came from around the country and from companies of all sizes. Manchester will receive the most buses with Greater Manchester Passenger Transport Executive receiving £3.1m for 66 hybrid buses for use on free Metroshuttle services in Manchester city centre, and on school bus and subsidised services. Stagecoach in Manchester will receive £2.8m for another 30 buses and First Manchester just over £1m towards another 14. Transport for London gets £4.97m for 46 vehicles.

At least 20 buses will go into operation in Oxford, Bristol and Bath, Leeds, Birmingham and Reading as a

result of the competition.

At the lower end of the scale bidders including Durham County Council, Ipswich Buses and Bath and North East Somerset Council won a contribution towards three or fewer vehicles.

Welcoming the announcement Wright Group Managing Director Mark Nodder said: "Any stimulus to a manufacturing industry which is short of orders at the moment is welcome news and it shows how the industry in general has risen to the challenge of delivering CO_2-efficient solutions."

LibDem bank: worth a try

Jim Steer

The Liberal Democrat Vince Cable is the closest we have to a political sage for this time of financial crisis. Addressing the Civilisation Congress on 25 November, he outlined his party's plans for a National Investment Bank. He reckons our infrastructure is rated a lowly 34th in the world. He has read the Policy Exchange report of three months ago that says we need to spend £500bn within ten years to start to catch up – on transport, energy storage, broadband and power transmission.

A National Investment Bank, he says, is hardly a new concept, likening it to the EIB and World Bank: it's just that we have nothing like it at a national level. And why do we need it? Because otherwise large scale

> **'We need to spend £500bn within ten years to start to catch up'**

investment simply won't happen, Cable contends; PFI is struggling, and the cost of finance is crippling without government underwriting.

Quite so. But will this be an easy sell across party lines, should we end up with a hung parliament giving the Liberal Democrats influence?

There seems little doubt that some means of funding capital programmes will have to be found.

Cable argues that the NIB will be a private sector entity, avoiding the problem of competing for shrinking public sector funds and instead appealing to pension and insurance companies who perpetually seek a long-term secure home for their cash accumulations. It's not to be confused with Gordon Brown's National Investment Commission, which would seek to place investment in British businesses. But it is all very 1970s.

Somehow, the NIB would have to be populated by a new breed of bankers, able to make decisions on behalf of tough-minded investment committees at private sector institutions, placing their precious funds (with suitable government underwriting) in projects to serve the public interest, without gaining financially themselves.

Finance working alongside economics. Inescapably there will be concerns about "picking winners" and over-centralisation.

But Vince Cable is right. If we persist in the pretence of "business as usual" for our over-dominant financial sector, there will be no funding for crucial major transport investments. It's got to be worth a try.

Who can solve the investment conundrum?

Politicians are looking for spending cuts. Transport investment looks vulnerable. But without it recovery will be damaged. How do we square this?

Alongside the *spiel* about cutting government spending, our politicians find it necessary to talk up plans for investment in infrastructure. Some have even worried about reconciling these two positions.

The resurgence in infrastructure investment has been running as a global recession-response story for a while, and the reasons why these programmes often centre on transport are simple. China's $600bn economic stimulus package, for example, is designed to make Chinese companies more competitive, to increase training and R&D spending and to build new highways and railways "to permanently reduce transport costs", according to the *New York Times*, in March this year.

For Will Hutton, it's all about timing: "slashing the national debt can wait. First we must invest, invest, invest." He calls for "a world-class infrastructure, from a high-speed rail network to great schools and universities". Shadow chancellor George Osborne sportingly engaged in a published Q&A on this issue in *The Observer*, even claiming to agree with much of Hutton's analysis (and in the process offering his personal backing to high-speed rail). But I'm not convinced he would want to protect DfT's £16bn budget, puny though it is in a national total of £621bn government spending in 2008/09.

Much in the end depends on national mood. Without confidence in our collective future, investment gets hedged and expensive, knowing that governments' best intentions may falter when the heat is on. The failure of the over-ambitious Channel Tunnel Rail Link PPP should not be forgotten any more than the way that it was rescued: with government under-writing. This meant very efficient costs of finance and contractors bidding with a clear understanding that they would be paid. In hard times, cash is king, and prices reflect that reality.

Forthcoming research by Professor Joyce Dargay at ITS/Leeds carried out for the Independent Transport Commission will point up an important relationship. Her work shows that the driver of growth in longer distance travel demand is… economic growth.

The point we must get across to policymakers is this: with economic recovery will inevitably come resurgent growth in travel demand. And failure to plan for that will in turn directly damage economic recovery.

Some will doubt that last statement. But it is no more than an expression of a demand curve at work. Activities take place across our spatial economy provided that the value derived from undertaking them exceeds the cost of carrying them out. As demand grows on an unchanged transport system, the costs of "getting there" get higher, and some journeys and their end-activities become not worth the hassle. Failing transport has a horribly direct impact: economic stasis.

> **Failing transport has a horribly direct impact: economic stasis**

Of course, better economic performance cannot be pursued at any price, and in the transport sector there have to be two substantive provisos: that the environmental consequences (especially regarding greenhouse gases) are benign, and that effects on social inclusion are positive. But broadly, if these requirements are met, then measures to meet foreseeable demand to get an economic gain are a good, not a bad thing to do.

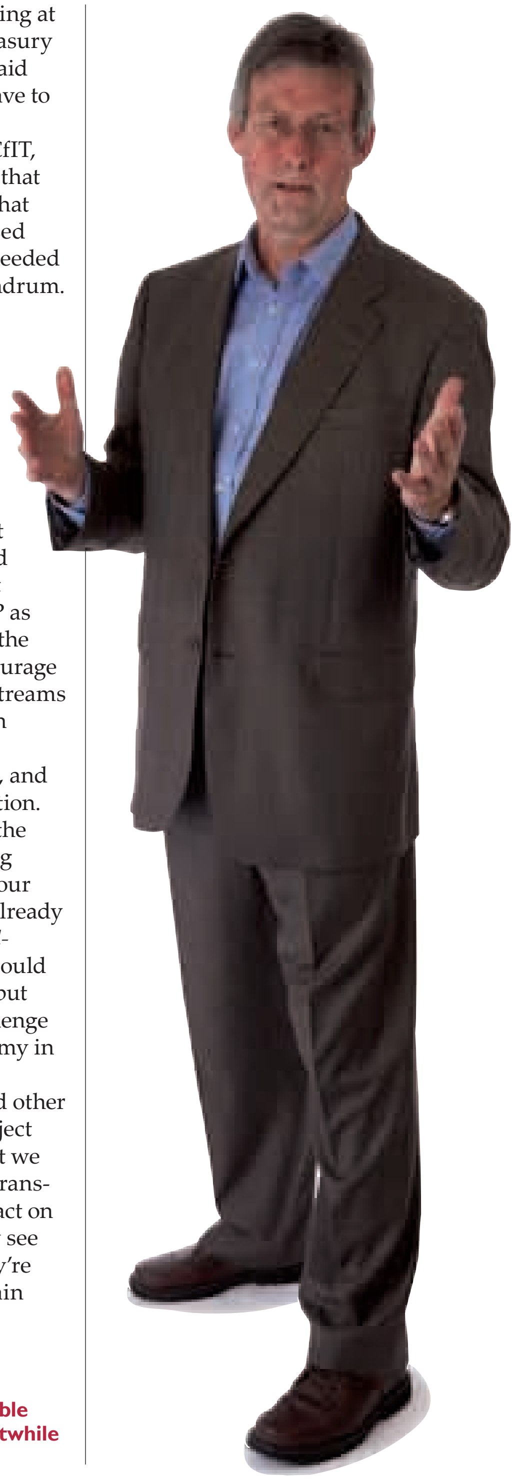
The CBI has just published work that shows for every job created in construction, 1.94 jobs are created elsewhere in the economy. But how can we have investment which is predominantly government spending at a time of cutbacks? Shadow treasury secretary Phil Hammond has said that every single project will have to be reassessed.

David Leeder, vice-chair of CfIT, told *The Economist* back in June that nobody was prepared to have that debate, wanting neither increased subsidies nor the higher fares needed to square the investment conundrum. But things are moving on.

The shadow minister for construction, Mark Prisk, who has a background in the industry, told *New Civil Engineer* in October how he sees a way through the problem. He is clearly troubled by a position his party may inherit in which "the balance borrowed currently exceeds the transport budget". He wants to make PPP as efficient as possible and attract the private sector to invest. To encourage this, he describes the revenue streams that investors can gain, through mechanisms such as tolling.

This is a revealing departure, and a brave one this side of the election. It would be fine were it not for the fact that we have higher existing user charges in transport than our competitors, a position which already costs us economic output. So *additional* tolls (or other charges) could solve an affordability problem but exacerbate the underlying challenge which is to stimulate the economy in its recovery.

That's not say that tolling and other charges shouldn't feed into project funding arrangements, just that we need to have regard to overall transport costs. And also to the impact on those who some would happily see "priced off" our networks. They're generally called the poor, in plain English.



Jim Steer is a director of Steer Davies Gleave and was responsible for strategic planning at the erstwhile Strategic Rail Authority.

Sutton shows how to make travel smarter

The success of the London borough's programme to encourage people to change their travel habits is such that all councils should consider adopting the approach

As I write this column overlooking the street in Holloway where I live, an old man who lives opposite is taking his grandchild to school. They hop into his Fiesta, and I know that in about ten minutes the grandfather, with whom I have exchanged friendly words but not yet names, will be back. Then after a cup of tea, he will pop out again to take his bull terrier for its morning walk.

I know, therefore, that he is fit enough to walk to this school, which cannot be more than a few hundred yards away since he is back so quickly. I long to rush out and say, "Look, why don't you walk to the school as it would be good for the lad [who is around eight] to use up a bit of his excess energy and good for you to get a bit more exercise" – let alone, of course what it does for the environment, congestion and the planet.

While obviously I can't do that as he would be perfectly within his rights to say "mind your own business", that is precisely at the root of schemes using "soft measures" to try to change people's travel habits. In outer London, the three-year Smarter Travel Sutton programme has just come to an end and the results are promising.

Sutton won a London-wide competition among the boroughs to obtain funding for its project to persuade people to travel more sustainably. The core part of the scheme is to send interviewers round to knock on doors to discuss residents' travel habits and, so far, two-thirds of the 80,000 households in the borough have been contacted.

Interestingly, Daniel Ratchford, who has been running the project for the past year, says that it was very important not to associate it with the local council: "We deliberately created a different branding from the council and the interviewers say they are from Smarter Travel, rather than the council, so as not to give the impression that it is the local authority preaching."

He has been pleased that few people have simply slammed the door in the face of the interviewers since, when asked, most people are interested to improve the way they travel. People are motivated to change their behaviour for various reasons. Some see cycling and walking or using the bus as a way of becoming fitter, others realise that it is cheaper to use the bus, while some want to save the planet.

Cycling has being the big winner with an 88% increase, albeit from a low base. Other measures such as training sessions and the provision of cycle parking have helped, but this is a remarkable figure, especially as other outer London boroughs have not experienced any similar growth (it is central London which has had the big boost in cycling in recent years – and indeed, only there has there been the kind of culture change which leads to a self-sustaining increase).

> **Few people have simply slammed the door in the face of the interviewers**

For the most part, the results have been less dramatic. There has been a 14% increase in bus patronage and only a 2% reduction in car journeys. Nevertheless, even reversing the trend of constantly increasing car use is a considerable achievement and something to build on. The widespread adoption by local businesses and schools of travel plans, which incorporate continuing measures to encourage sustainable travel, should mean that the figures continue moving in the right direction.

Indeed, although the project has now ended work will continue, albeit on a more modest basis. But there is also a very interesting permanent legacy. The council's Smarter Travel team is being incorporated into the team that carries out its traditional transport role, which mainly consists of road improvements and traffic calming measures.

There has been, as Ratchford admits, something of a culture clash: "The highways people tended to be men in their fifties and talk engineering, while the Smarter Travel staff tended to be women in their twenties who speak marketing."

But already the blending is bearing fruit. A railway bridge which is being replaced will incorporate a cycle lane and a wider pavement on each side, whereas previously there had only been a narrow walkway.

Clearly every council in the country ought now to be considering moving in this direction. Even though superficially there is a cost, the reduction in demand for space on the roads and less congestion means that ultimately such schemes pay for themselves, albeit in an indirect way.

Since the scheme is predicated on the idea of choice, there seems to be no ideological barrier to all the parties supporting it, though perhaps the Tories might worry that it has too much of a "nanny state" feel for them. Meanwhile, sadly, my neighbour will continue to take his grandson to school in the car.

Christian Wolmar is a writer and broadcaster who writes a regular column for *Rail* magazine.
His new book, *Blood, Iron and Gold: How The Railways Transformed The World*, has just been published by Atlantic Books. For a special offer, see page 38.

Can Total Place triumph over total bureaucracy?

A new initiative to pool local authority resources will allow a range of policy issues to be tackled simultaneously in a coherent way, provided a bottom-up approach is allowed to replace centrally-imposed targets

As the new Total Place concept gains momentum among all political parties it is vitally important that we learn the lessons from the mechanisms that have preceded it – notably Local Area Agreements – if it is to be successful.

The transport sector now has a fresh opportunity to establish new arrangements, targets and indicators that will truly have meaning to practitioners both in the public and private sectors.

The current setup offers only meagre incentives to deliver transport related "outcomes" rather than "inputs" and "outputs" which tend to fall within local government comfort zones. Unless Total Place is accompanied by radical reform of targets and their inspection regime, coupled with an overhaul of management cultures, we could see just another unwelcome bureaucratic process disconnected from the reality of frontline services.

LAAs themselves (over 150 of them) emerged from the old Public Service Agreement system and are overseen by Local Strategic Partnerships. The three-year agreements are set to terminate in 2010/11 and the Total Place initiative is likely to be their replacement.

The main aim of LAAs has been to try and align local priorities with national targets and outcomes. Over the years literally thousands of indicators have been reduced to just 198, with less than a dozen being directly transport-related. The big question remains as to how effective these drivers have been in achieving outcomes that are valued by local authority customers.

Over the last decade or so traffic levels have risen by more than 11%, vehicle emissions have increased by 54% and the cost of motoring has fallen by more than 8% in real terms, while bus and rail fares have increased by 17% and 7% respectively. By any measure this cannot be regarded as a successful outcome.

The reason is that there is no real ownership of the national indicator set by practitioners who can make a real difference. It is extremely unlikely that the bus depot manager is preoccupied with achieving NI 177, or that our contractors labour over NI 175, even though they are central to delivering these targets. Ironically, NI 167 (congestion) still remains a mystery to most of us and will not achieve the strategic outcomes of LAAs that require us to travel less, use public transport more and to make more efficient use of the transport system.

Part of the problem continues to be that those charged with delivering transport outcomes in line with national goals have very little control over how money is spent. Recent figures from the 13 Total Place pilots suggest that just 5% of local public spending falls under the control of democratically elected members. This contrasts starkly with public opinion which indicates that 65% of people believe local councillors should make decisions on spending in their area.

> **Previous efforts have not done as well as they could have because of the intransigence of the Treasury**

There is an enormous opportunity to improve on this both strategically and operationally under Total Place, whereby funding and resources across all public sector agencies are pooled in order to generate stronger collaboration on sharing staff and on joint commissioning. For this to work there must be a major redesign of service provision and a significant shift in approach not just by public sector partners but, more importantly, government departments.

One of the key reasons why previous efforts have not done as well as they could is because of the intransigence of the Treasury in not allowing greater freedom and flexibility for councils and their partners to tackle the most deep-rooted problems at source, as opposed to blindly following nationally set indicators and targets. This has been endorsed by a 10-month study by the Institute of Public Policy Research North which concluded that councils should set their own long-term goals that are more relevant to local people.

The Cabinet Office Strategy Unit in its recent publication *An analysis of urban transport* reminds us that the challenge for decision-makers will be to find ways of tackling congestion, poor quality, ill-health, road safety and carbon emissions simultaneously rather than in isolation (page 29). This can only be achieved by exploiting opportunities to package programmes across a wide spectrum of policy areas in a coherent way.

Isolated targets for congestion and public transport use, for example, are not the answer and offer questionable value for local residents. If we want to deliver meaningful outcomes then a bottom-up, citizen-led approach will be essential, and we must be prepared to accept the outcomes. Service quality rather than cost efficiency is more likely to resonate with local communities. This will require a fundamental change in local authority mindset, especially at a time of severe financial restraint.

LAAs have helped put in place some of the basic building blocks necessary to tackle an outcome-based approach to transport delivery. However, through Total Place the world will move on and the foundations laid by LAAs will need to support a radically different construction from that originally intended.

Tony Ciaburro is corporate director for environment, growth and commissioning at Northamptonshire County Council.

Not quite as whizzy as they first appear

Subsidies for electric cars may be justified to help establish a market, but existing proposals risk reinforcing existing bad habits rather encouraging adoption of a better one

When someone glides past my bike in an electric G-Wiz car, I have to restrain myself from yelling at the driver.

Don't get me wrong: I firmly believe electric cars are the future and will play a vital role in our shift to a low-carbon transport system.

But when I see someone in a G-Wiz, I know I am looking at a self-satisfied hypocrite with so much money that he can afford to be ostentatiously green. I also see someone who probably cares about climate change but is so addicted to personal motorised transport that he will not give it up even for short, urban journeys for which there is a much greener alternative than a Bangalore milkfloat.

Almost the entire fleet of G-Wiz cars is owned by people living in London. Most G-Wiz drivers are congestion charge dodgers masquerading as environmental pioneers.

The basic G-Wiz can travel only about 40 miles before it needs recharging – or less if you turn on the headlights. This means their owners mainly use them for journeys into and around central London, and they are rarely seen outside the M25.

This does not mean that G-Wiz owners are confined to driving in the capital. Most of them own another car – powered, of course, by fossil fuel – which they use for longer journeys.

They could argue that their G-Wiz is making their short journeys emission-free and that they would otherwise have burnt diesel or petrol on those trips in their conventional car.

Yet I would ask these smug drivers a simple question: if you are so keen to help the environment, why not catch a train? Better still, travel by bike. They can't claim that they need the G-Wiz to transport children and luggage because it has a tiny interior. I can carry more stuff in my cycle panniers than you could cram into the G-Wiz boot.

London has one of the best public transport systems in the world, largely because the taxpayer contributes more than £2bn of subsidy each year for the tube, rail and bus networks.

We effectively subsidise G-Wiz owners by exempting them from road tax and the congestion charge, even though they add just as much to congestion as normal cars. The Department for Transport and Transport for London defend the exemptions by suggesting that the G-Wiz is in the vanguard of the electric car revolution and therefore needs to be encouraged.

> **It would be much better to subsidise plug-in hybrids which travel the first 10-30 miles every day on battery power**

It is true that every transformation in purchasing habits needs early adopters for it to reach fruition. Yet the G-Wiz only feeds an existing bad habit rather than encouraging adoption of a better one.

At least the Government has excluded the G-Wiz from its £230m subsidy scheme for reducing the cost of each new electric car by £2,000-5,000 from 2011. In the proposed eligibility criteria for these grants, the DfT says electric cars will only qualify if they have a range of at least 70 miles. "Given that about 40% of people drive less than 50 miles a week, we think that a range of at least 70 miles will allow an all-electric car to meet the daily and weekly needs of a large number of urban drivers," the department says.

Last month I took Citroen C-Zero with an 80-mile range for a test drive and, for the first time in a dozen outings in the past decade in different electric vehicles, I felt I was driving a proper car. But there is still a huge problem with the C-Zero and the whole subsidy scheme.

Every motorist occasionally wants to drive more than 70 or 80 miles in a day. This means the C-Zero will still be the second or third car in a household and will help its owner feel less guilty about ignoring his local bus routes.

Given that the subsidy is finite, it would be much better to spend it all on supporting plug-in hybrids which travel the first 10-30 miles every day on battery power before switching to fossil fuel. The grants should be given only to households willing to be restricted to owning just one car.

That would not, however, solve the problem of people using these heavily subsidised cars for short journeys. A quarter of all car journeys are less than two miles and, with electricity taxed at a far lower rate than petrol or diesel, plug-in hybrid owners will find it costs them less than 5p to nip down to the shops or run the kids to school.

This problem could be solved with the help of the satellite tracking and charging technology developed in the vain hope of nationwide road pricing.

Recipients of a plug-in hybrid grant should be required to fit the charging system. Part of the grant should be linked to use, with a small penalty each time the car travels less than four miles before returning to its starting point.

With these adjustments, I could start giving electric cars a friendly wave and reserve my expletives for the real carbon villains in 4x4s.

Ben Webster is environment editor of *The Times.*

Free travel for the over-60s is wasteful and perverse

The concessionary fares scheme is getting ever more expensive. It makes no sense to hand out this benefit to part of the population purely on the basis of age when public finances are severely squeezed

"No man but a blockhead ever wrote except for money," noted Samuel Johnson. As an old hack, I adhere to this cynical view of journalism. But occasionally there is a subject on which I feel so strongly that I am happy to join the ranks of the blockheads.

The problem is a simple one. Universal benefits, such as free travel for everyone over 60, are so popular that no politician, and certainly no opposition party or government in advance of an election, dares raise it, let alone single it out for reform. But when public finances are under strain, it makes no sense to continue with these universal handouts.

To subsidise the travel of those still in a full-time job, often at the peak of their earning power, while those who really need help, such as the jobless, have to pay in full, can only be described as perverse. I recently chaired a conference at which a young man in the audience with a severe disability asked the panel why he was paying up to 10% of his tiny income each week in travel costs because he didn't qualify for a Freedom Pass. No one was able to come up with an answer.

The present government has made things worse by replacing the national half-fare off-peak bus concession for people over 60 with free bus travel, at an additional cost of £350m.

So far, subsidising free travel has cost the 33 London boroughs more than £2.5bn over the past 20 years. That money could have been spent on more worthwhile projects. Local government services all over the country are already having to be cut to accommodate the pressures on their budgets as a result of the fast-rising costs of the free travel scheme.

I accept that universal benefits handed out courtesy of the state are not without merit. They are easy to administer, and they promote social cohesion.

But it is wrong for me and millions like me to be subsidised to the tune of billions of pounds a year when the mortgage is paid off, the children are gone, and living standards are probably higher than at any time in one's life. There are, of course, a minority of pensioners who are not well off and for whom the concession of free travel is important. But the majority can afford to pay, and many are bemused that they are not required to do so.

A letter in the *Financial Times* highlights the absurdity of equating old age and poverty: "Sir, Being

> **Local government services all over the country are already having to be cut to accommodate the fast-rising costs of the free travel scheme**

relatively new over-60 year-olds my wife and I have again been delighted to receive our £250 winter fuel payment from the government. As we both remain gainfully employed, this is becoming an annual bonanza in our disposable income. So this year we are thinking of blowing the lot on a couple of seats at Covent Garden. What's more, we can even travel there and back completely buckshee on our Transport for London Freedom Passes. Sincere thanks to all UK taxpayers under 60!"

The case for making large transfers of taxpayers' money from one section of the population to another on the basis of reaching the relatively young age of 60 has always been dubious. But it is particularly foolish at a time when the government is urging us all to work longer and the age of retirement has to increase to cope with longer life expectancy.

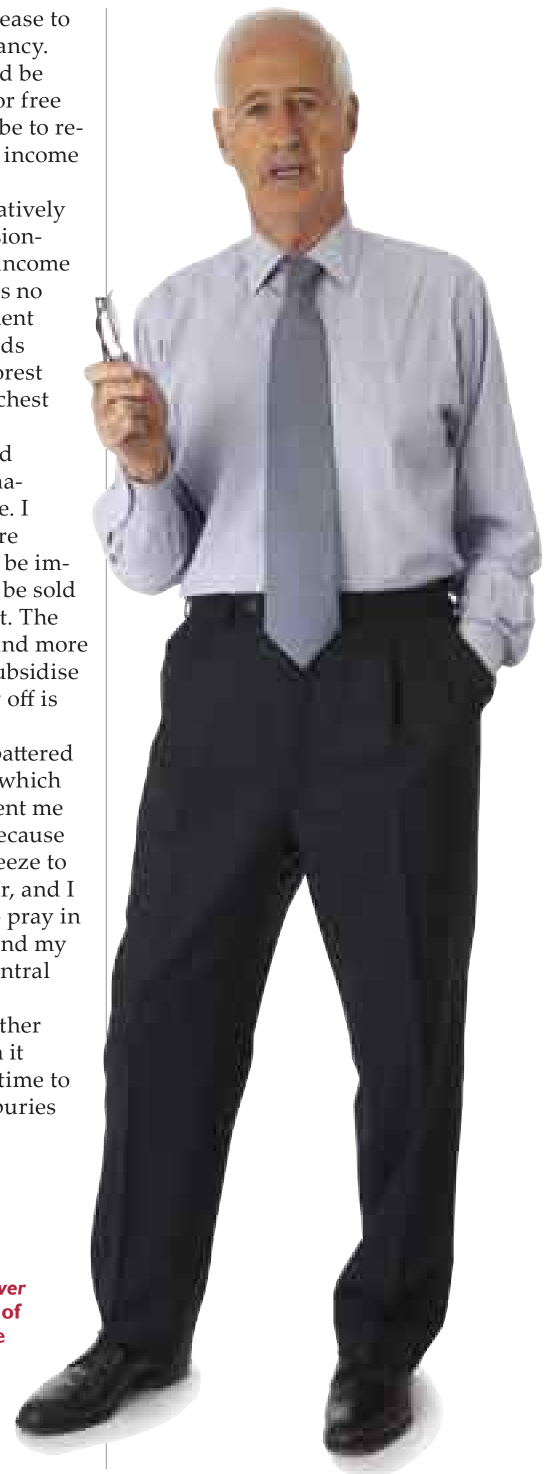
One possible reform would be to raise the qualifying age for free travel to 75. Another would be to relate the free travel benefit to income levels.

In practice it would be relatively easy to administer a concessionary travel scheme based on income tax codes. Everyone who was no longer in full-time employment would pay something towards their travel pass, but the poorest would pay little while the richest would pay a lot.

The old cry that this would be a reversion to a discriminatory means test is out-of-date. I strongly believe that there are ways in which reform could be implemented and which could be sold by a courageous government. The alternative of cutting more and more public services in order to subsidise handouts to the comfortably off is unacceptable.

I still have an old, rather battered thermometer in my kitchen which Ken Livingstone as mayor sent me and all Londoners over 60 because he was worried we might freeze to death. I like my thermometer, and I occasionally find it useful to pray in aid when I am feeling cold and my wife refuses to put on the central heating.

But her cry of "put on another sweater", infuriating though it may be, is the right one. It's time to bury paternalism, before it buries us.



Adam Raphael, a former executive editor of *The Observer* and transport correspondent of *The Economist*, is the associate editor of *Transport Times*. He is a former presenter of BBC's Newsnight and an award-winning investigative journalist.

We haven't abandoned national road pricing

Alone among the main parties the Liberal Democrats remain convinced that charging for road use will have genuine benefits. It will be in their manifesto for the next election, says **Norman Baker**

Britain's road network is busier than it has ever been. There are six million more vehicles on our roads now than there were in 1997, and it is predicted that by 2025 congestion will cost England alone some £22bn a year.

Very little has been done by the current government to halt this worrying trend, and the Tories have made only vague promises of road building and "making better use of the capacity we have". A radical change of approach is required if we are to deal with the growing threat of climate change, as road transport is responsible for around 20% of all UK carbon emissions. In this respect, the Liberal Democrats are strikingly different to the two other main parties.

Our transport policy is designed to encourage a reduction in Britain's carbon emissions through measures that will relate the cost of travel to the emissions a journey creates. At the same time, we will ensure that those who have no alternative but to use their own cars, such as people who live in rural areas, are protected from unfair rises in journey costs.

To help us achieve these goals, the Lib Dems have for some time proposed a move towards road pricing. I believe that this is a key step towards solving Britain's transport problems.

Our plans encompass two distinct proposals. First, we want to introduce a lorry road user pricing scheme, capturing foreign lorries for the first time.

We estimate that this will bring in around £2bn annually, and the proceeds from this will go towards our Future Transport Fund, which will finance public transport improvements, both locally and on a national level.

Foremost among these improvements will be a transformation of our railways, including the development of a comprehensive high speed rail network, the re-opening of lines and stations which should never have been closed, and the electrification of virtually the entire network. This scheme will also provide an incentive for businesses to consider using more environmentally-friendly means of transporting goods.

Second, we want to introduce a separate national system of road pricing for private vehicles. The system will cover the busiest of the nation's roads – our motorways and trunk roads – and will thereby encourage people to find alternative means of transport, particularly for longer journeys that are more suited to rail travel.

> **Our busiest roads will become less congested for those who have no alternative, and the switch from private to public transport will benefit the environment**

Crucially, our road pricing initiative would only be implemented after we have introduced significant improvements to public transport. Our busiest roads will become less congested for those who have no alternative but to use them, and the switch from private to public transport will benefit the environment.

Unlike the current toll systems that are enforced on various roads and bridges throughout the country, this will not be an exercise in revenue-raising.

This second element of the Lib Dem road pricing scheme will be revenue-neutral for the average motorist, with the funds raised being used to remove vehicle excise duty (VED) entirely (or reduce it to the EU minimum in the case of HGVs) and reduce fuel duty. In fact, the current toll systems that cause such congestion on some of the nation's busiest roads will be made redundant by the system.

Pricing will be based on distance travelled and linked to car emissions, benefiting lower emission vehicles, and so encouraging greener transport even for those for whom driving is essential.

This system will, then, lower the cost of essential travel for those with no other options, such as those living in rural areas, while reducing congestion on major roads, and discouraging the use of the most polluting vehicles.

As effective as the scheme promises to be, certain precautions will be taken to ensure that it is also fair. Exemptions and discounts will be introduced for emergency vehicles, NHS vehicles, public transport vehicles, and vehicles used by disabled drivers who rely on their cars, to ensure that the system doesn't unfairly penalise these groups.

We will also be mindful of the security implications of the scheme, and will provide a 'privacy guarantee' to motorists by separating personal details from journey details.

Sustained investment in public transport, including high speed rail services, more local trains and better buses, will provide a viable alternative to many car journeys, helping to reduce congestion and contributing to the fight against climate change.

Through a combination of public transport improvements and measures like road pricing, the old assumption that driving is the fastest and cheapest way to travel will become a thing of the past.

Norman Baker MP is Liberal Democrat Shadow Secretary of State for Transport

Norman Baker: "Not an exercise in revenue-raising"

Stimulus spending in Canada: has it worked?

The key issue is whether money is better spent now, to stimulate the market while the economy is weak, or later when the economy is stronger and there is a greater need, says **Bruce Belmore**

Bruce Belmore: "The downturn has provided a renewed focus on the nation's infrastructure."

In January 2009, and in response to the current worldwide economic recession, the Government of Canada announced a new programme intended to bolster the Canadian economy. As part of the government's economic action plan, a total of $4bn in funding was made available for construction-ready infrastructure projects such as road, railway, bridge and border crossing projects that would otherwise not have been built in the next two years.

In Canada, as in other global markets, the function of infrastructure stimulus spending is to create new jobs – to have more people working and spending money. However, the scale of stimulus spending has varied dramatically from country to country and as a transportation manager in Canada (as well as a taxpayer), I am both curious and anxious to understand what benefit such programmes are in stimulating key sectors of the economy.

The Canadian government reports that for every dollar invested, the economy receives a boost of $1.60, generating new economic activity that puts people to work. The Federation of Canadian Municipalities estimates that each $1bn invested in new infrastructure creates more than 11,000 jobs.

To date, over $3.2bn out of the total $4bn in federal funding available from the government has been committed. This includes the announcement of 2,900 projects with a total value of $7.4bn when taking into account contributions from provinces, territories, municipalities and other partners.

Some examples include:

- British Columbia: The replacement of a bridge across the Capilano River – a $36m project receiving $18 million in federal funding.
- Saskatchewan: The repaving of a section of Highway 40 – a $13m project receiving $6.5m in federal funding.
- Manitoba: The reconstruction of the Trans-Canada Highway east of Winnipeg - a $60m project receiving $30 million in federal funding.
- Ontario: A four-kilometre bus line extension of the Ottawa Transitway – a $52.6m project receiving $17.5m in federal funding.
- New Brunswick: Improvements to facilities at the Belledune Port – a $61.2m project receiving $26.4m in federal funding.
- Prince Edward Island: The first phase of the Charlottetown Perimeter Highway project to increase the number of lanes and add capacity – a $7.5m project receiving $3.8m in federal funding.

> **Historically, debate in Canada has moved back and forth between spending on healthcare and spending on infrastructure**

Of course, any impact of infrastructure spending on the economy will always be moderated by other factors such as the global economic situation, the relative value of the Canadian dollar in key markets and the inherent underlying strength of different regional economies.

Nevertheless, what the economic downturn has undoubtedly provided is a renewed focus on the adequacy of the nation's infrastructure and the stimulus study itself has generated a real challenge to the engineering community in terms of its capacity to undertake additional work.

This outcome is probably very different from other economies where significantly reduced capital expenditure (and hence the market for engineering skills) in the short and medium term is seen as a likely consequence of the global recession.

Historically, the government spending debate in Canada has moved back and forth between spending on healthcare and spending on infrastructure. We are currently in the middle of a transport infrastructure spending boom and the transport market is buoyant, stimulated by investment at all levels, City, provincial and federal. The goal is to emerge from this economic crisis better able to compete on a global scale by having invested in transport infrastructure.

This seems like an easy win: transport infrastructure is a necessity and whether it is done now or later, money will always need to be spent on the safe and efficient movement of people and goods. So the issue is really one of timing: is the money better spent now to stimulate the market, improve the national asset and improve national competitiveness, albeit at a time when the economy is weak, or should it be deferred until the economy is stronger, when such spending is more affordable and there is a greater perceived need?

A new report from the Canadian Centre for Policy Alternatives says that Canada's economy is a long way from recovery, and more public investment will be key to getting there.

So has the infrastructure spending in Canada been successful? Yes it has.

In the eyes of the public and policymakers, is there more that can be done? Always.

Bruce Belmore is a transportation planning manager with AECOM in Regina, SK, Canada. He is the Immediate Past President of the Canadian Institute of Transportation Engineers and a sessional lecturer at the University of Regina in Engineering Law and Professionalism.

A sound investment in Britain's

The view is growing that, whatever spending cuts are needed under the next Government, investment in transport immediate and long-term benefits to the economy. On the next six pages, a range of industry leaders spell out why We begin with **James Drummond** on research that shows investment in the UK rail sector creates jobs and

Investing in our railways is good business for the UK. Every pound invested by the government in our rail, light rail and metro systems generates another £1.30 in direct investment from the industry itself and improves transport and logistics for all our benefit. That's the headline finding of one of a series of independent studies Invensys Rail has commissioned in order to place rail's benefits in a wider context.

With all of these studies – the others looked at increasing transport capacity and environmental impact – their independence was paramount. That's why we commissioned the management consultant Credo Group to undertake them on our behalf. We were therefore prepared to accept Credo's findings whether positive or negative towards rail: to say that we and the wider rail industry at large should be pleased with the results is

For every 100 directly created jobs in rail a further 140 are added in construction and supply industries

an understatement.

The automotive industry has received a huge amount of government investment recently thanks to the scrappage scheme but much of that money has actually gone abroad: the main effect has been to boost car dealers and foreign manufacturers. By contrast, investing in rail not only generates far higher financial investment from the industry itself – it also creates many more jobs in the UK.

Credo discovered that if the government invests £10m in the UK rail network, the rail industry itself will provide a further £13m of funding, and that £23m total will create an impressive 524 direct and indirect jobs. To emphasise the point, for every 100 directly created jobs in the rail industry a further 140 indirect jobs are created in sectors including construction, supply and installation to name but a few. In contrast, creating 100 new jobs in the automotive sector creates just 48 other positions.

So not only does investment in rail generate a positive financial return: the social benefits of the employment generated by it are clear, particularly given the vast number of jobs shed in other sectors.

Invensys Rail is at the forefront of train control and signalling development in the UK and overseas. We are one of the UK's biggest spenders on research and development and thanks to our parent company, Invensys plc, we are able to utilise the most advanced process automation and control systems in the world for use on rail networks. Invensys plc's wide range of operations includes oil and gas power generation and industrial sectors, many of which have safety and process control needs as great as rail and with similar systems. This expertise and investment in research and development does not come cheaply but in our view it is critical to the continuing success of Invensys Rail's operations around

A business imperative

Protecting transport budgets is a top priority for industry and commerce, says **Adam Marshall**

Britain's next government, whatever its political colour, faces fundamental choices on public spending. After a decade of dependence on financial services, property and a burgeoning public sector, the shape of the UK economy is changing. Future growth will have to come from Britain's small and medium-sized businesses – the core of our industrial base, spearheading our exit from recession.

Yet that growth will be threatened if vital investment in Britain's transport infrastructure is ruthlessly slashed in the years to come.

Today's political leaders must be wary of taking us back to a time when chronic underinvestment in roads, railways, ports and airports left British businesses at a competitive disadvantage. We are only now beginning to address some of those past mistakes; as a result, a further blow to infrastructure investment now would harm the UK economy for decades to come.

Businesses up and down the country are unequivocal. While business understands the need for deficit reduction and substantial public spending cuts, we must protect those budgets that do the most to underpin the productive economy. And Chambers of Commerce from Glasgow to Guildford insist that transport infrastructure is at the top of that list.

There are a range of transport priorities that Britain's next government must address.

First, set out a timetable and deliver some of the "quick wins" identified by Rod Eddington on road and rail pinch-points across the country. Congestion and junction problems on strategic routes such as the M1 and the A14 in the East of England, the M62 across the North, the A19 in the North East and the M8 in Scotland cause businesses countless hours of delay and disruption, which in turn add up to additional costs.

And as the country seeks to move more freight from road to rail, gauge improvements at ports such as Liverpool, Hull, Felixstowe and Harwich – as well as the crucial Manchester Hub – are a prerequisite to export growth.

Second, political posturing must give way to a clear plan for high-speed rail. Business is impressed with the progress on HS2 made under Andrew Adonis over the past year. But the next Government will need to go further, with a cross-party accord to finance the HS2 project, as well as a phased long-term plan for a full national network. HSR must be built – though not at the expense of critical upgrades on the conventional road and rail network.

Third, the role of aviation in the economy must be properly acknowledged – and the privately-funded third runway at Heathrow, which will deliver £30bn in economic benefits, must be built. Jobs in many of the UK's most productive service businesses depend on Heathrow's continued status as a global aviation hub. This status is under threat from more competitive continental airports, not to mention the continuing process of consolidation in the airline industry.

A choice between Heathrow and HSR is a false choice. Britain's businesses need both.

Businesses realise that all these transport improvements cost money – and that borrowing to underpin capital projects has a troublesome impact on the UK's bottom line. Wherever possible, we are committed to seeking hybrid or alternative funding for key infrastructure projects.

However, the Government must maintain infrastructure expenditure budgets over the 2011-2014 spending review period and beyond. Otherwise, we will have little hope of levering in the quantity of private investment required to truly bring our transport infrastructure up to the standard required.

The BCC will play its part in helping to prioritise infrastructure spending on projects that deliver the greatest economic impact. Early in 2010, we will set out regional transport priorities that can be achieved during the lifetime of the next Parliament. Throughout the coming year, we will be hosting a high-level

future

infrastructure must be maintained because of its they are campaigning to protect transport from cuts. improves quality of life for all

the world.

If we accept that investment in railways brings a positive return then it makes sense to ask how this can be maximised to the benefit of the wider UK economy. Invensys is a UK-based company with global operations. Our range of proven train control systems is in use on an all-encompassing range of operations, from heavy-haul freight railways in North America to the world's fastest high-speed railways in Spain, metro networks in the world's biggest cities and some of the most demanding mixed-traffic railways anywhere. Much of the expertise that has led to this success is based in the UK.

Retaining that expertise is going to be crucial for upcoming projects such as the potential North-South high speed line, the introduction of the European Rail Traffic Management System on the existing network and the massive capacity expansion and enhancement of our metro systems. Because the UK's rail sector is so strong, investment in our railways and metro networks can retain those funds in the country and increase the ability of our industry to win further business away from these shores. In short, everyone wins.

At Invensys Rail we are already performing a critical role for in the expansion and improvement of the United Kingdom's rail system – generating investment, creating jobs and developing world-leading technology, systems and processes. Providing that investment in the UK rail sector doesn't flow abroad, the benefits to our country's economy, society and environment are genuinely significant.

James Drummond is CEO of Invensys Rail

Businesses up and down the country make protecting transport budgets their top priority

Business Infrastructure Commission that will set out a 30-year plan for the UK's transport, energy and digital infrastructure. And we will continue to voice our members' support for the Infrastructure Planning Commission in England – along with any other mechanisms that speed up transport planning.

Infrastructure spending, unlike health and education, is not seen by most politicians as a big vote-winner. But it's the top priority of Britain's Chambers of Commerce, whose members have a collective reach of over five million employees. That should make any future cabinet minister, whether Labour, Conservative or Liberal Democrat, think twice before placing Britain's business infrastructure on the fiscal chopping block.

Dr Adam Marshall is director of policy and external affairs at the British Chambers of Commerce.

Long-term funding is vital for transport

The timescale of transport projects means they are disproportionately affected by investment cuts, argues **Rob Riddleston**

In this world nothing can be said to be certain, except death and taxes… and once fit-for-purpose transport systems being stretched to capacity. It is certainly a truism in the UK: earlier this year, the Policy Exchange think tank reported that, on a conservative estimate, the UK will need to invest £434bn in infrastructure by 2020.

Recently, the Government produced its developer contribution guidelines – providing principles for discussions between developers and government for co-funding vital transport links to strategically important developments, such as ports and airports.

The guidance provides clarity on the circumstances in which developers are expected to pay for infrastructure, and the circumstances in which a cost-sharing arrangement may be reached. Transport connections to strategically significant developments such as ports and airports, urban corridors and inter-urban routes are crucial for productivity and competitiveness, as are the major rail projects that have either been agreed or are in discussion, including Crossrail, Thameslink, the Tube PPP and HS2, the new North/South high speed link. The leadership for this type of funding can only come from the Government, with banks offering ancillary supporting roles.

However, one of the seemingly inevitable repercussions of the recession, and its impact on the public finances, is that government spending will be cut. Although electoral uncertainty means that there are, as yet, no precise details on where and when cuts will ultimately be made, the Chancellor set out plans in the 2009 budget to scale back public sector net investment significantly over the medium term, following a decade of strong growth. And while the election may see a change of government and some amendments to the detail of the medium term budget plans, all parties are broadly agreed on the need for fiscal tightening led by spending cuts.

What will this mean for the UK's infrastructure sector? Since major transport projects take years – often decades – to bring on stream, if we remove long-term financing and turn investment on and then off, we lose planning and building skills. Whereas if we ensure consistency, we can export those skills overseas; otherwise we may have to import them.

In addition, delaying projects ends up costing more money, which has a further impact on the public purse in the long term. Reducing these delays, whether by sustained funding or via the reforms in the Government's Planning Bill, will be key to ensuring the sector's future well-being.

Coming out of the recession, we do not want congested transport facilities restraining the economic recovery. It is therefore vital that we find a means of ensuring that sufficient long-term funding is available, on a continuous basis and at acceptable rates, to develop and maintain the UK's transport infrastructure and to create a network that is fit for the 21st century.

Equally we want to see strong transport companies able to compete on the world stage, with cutting edge customer service capabilities integral to supply chains and eco-friendly travel. Gaining global market share should be of primary concern.

Wherever possible, Barclays will be there to support these goals. From financing the expansion plans of growing UK-based transport firms to major infrastructure projects, Barclays is wide open for business at a time that offers real opportunities for many viable businesses in the sector to acquire, expand or invest. We're ready and able to provide the right support to those preparing to take this journey.

Rob Riddleston is Head of Transport & Logistics at Barclays Commercial.

turn to page 22

The hard lessons of short-term cuts

The recession has strengthened, not diminished, the case for investment in London's transport networks, argues **Peter Hendy**

On 15 May last year history was made. I watched as the mayor of London, Boris Johnson, prime minister Gordon Brown and secretary of state for transport Lord Adonis marked the official start of construction for the £16bn Crossrail project, as work began on a new £500m station in London's Canary Wharf.

This pivotal moment, and further progress since, confounded the doubters and has demonstrated the broad-based political, business and other support for the essential task of investing in infrastructure that will not only provide jobs in these, the toughest of economic times, but will enable economic growth and development in future.

Crossrail alone will increase the capital's rail network capacity by 10% and bring economic benefits to the UK of at least £36bn. In the six months since construction began, all political parties have again made clear their support for London's vital new east-west rail link, and Transport for London (TfL) has continued to make good progress with its multi-billion pound investment programme.

New trains are running in passenger service on the Victoria line and the new London Overground network and, at the end of November, the mayor and the minister for London opened a new, state of the art ticket hall at King's Cross St Pancras Underground station. Completed on time and on budget by London Underground, this fantastic new facility completes the upgrade and expansion of London's busiest tube station and provides extra capacity to cut congestion, and step-free access, at a key national and international rail hub and major gateway to the London 2012 Olympic and Paralympic Games. Almost three years ahead of the Games, we are already benefiting from the 'legacy' of investment.

London's transport system should, of course, excel among those of other global cities, providing access to opportunities for all its people and enterprises, achieving the highest environmental standards and leading the world in its approach to tackling the urban transport challenges of the 21st century.

But in truth, the capital's transport network is still catching up following decades of underinvestment. Even taking into account the effect of the recession, London and the UK are predicted to continue growing very strongly, with the capital's population set to rise by 1.3 million and the job market by 750,000 by 2031. To support this growth, TfL's investment and resources are focused on improving the reliability of journeys, creating jobs and boosting transport capacity across London, all the while demonstrating clear value for farepayers' and taxpayers' money.

The TfL investment programme is vast in its scope. It includes Crossrail, rebuilding eight Tube lines, provision for the 2012 Games, the extension of the Docklands Light Railway, and renewal and expansion of the London Overground to create an orbital rail network. At the same time TfL must continue to operate of one of the most extensive, reliable and accessible bus networks anywhere in world while bringing about a revolution in cycling and walking.

This investment will provide a 30% increase in London's rail-based transport capacity alone, bringing quicker, more comfortable and more reliable journeys and securing London's position as a world-leading city. In particular, the Crossrail and Tube upgrades are inextricably linked; there is no choice to be made between them: we must have both.

The recession has hit London hard and TfL's passenger numbers have fallen, particularly on the Tube. We've also had to contend with the collapse of private Tube PPP firm Metronet. This has placed enormous pressure on our finances.

We've worked hard to tackle this and have identified savings and efficiencies totalling over £5bn over the course of TfL's business plan to 2018. Only after he was assured we had done all we could to address this pressure on a continuing basis did the mayor look to raise fares next year, while protecting concessions available to the most vulnerable.

Though challenging, these actions are essential as we must continue to invest in London's transport infrastructure. If London ceases to move, it fails. If London fails, so does the country. And if London ceases to move, it will not be Manchester or Leeds that will benefit. It will be Shanghai, New York and Paris, and the UK economy as a whole will suffer. The recession has not diminished this business case. If anything, it has further strengthened it.

We have learnt the hard way about what happens if you make short-term decisions about funding for long-term projects. For the first time in decades, we now have in London long-term funding that enables us to properly plan and invest in the transport infrastructure that will support the UK's future development and growth and improve our services for customers. Long may that continue.

Peter Hendy is Transport Commissioner for London.

Crossrail: the transport spine for growth of London and UK

London's east-west rail link will benefit not just the capital but the wider UK economy as well as leaving a skills legacy, says **Terry Morgan**

After years of planning and discussion, Crossrail is now in the delivery phase of a project that will benefit the whole of the UK. Since gaining Royal Assent in July 2008, Crossrail has made great steps to prepare for the start of main construction in 2010.

On 15 May last year, at the North Dock in Canary Wharf, London mayor Boris Johnson and secretary of state for transport Lord Adonis inaugurated construction on the first Crossrail station. This building site has made excellent progress since that date, using innovative techniques to complete the piled foundations that are driven into the dock.

Crossrail is the long-awaited and much anticipated new railway which will connect the City, Canary Wharf, the West End and Heathrow Airport to commuter areas east and west of the capital. It will bring substantial economic benefits across London, the South-East and the UK as a whole.

During 2009 Crossrail has been transforming itself from a campaigning organisation, determined to bring this concept to life, to a business which will deliver the largest single infrastructure project in Europe, involving tunnelling, station building, signalling, new trains and track laying. Our plan is that by this time next year we will have commissioned 40 work sites just like the Canary Wharf station site.

Crossrail is essential, despite the current economic downturn, to securing effective cross-London public transport links and responding to 21st century needs. Indeed in these difficult times, it is even more important that Crossrail is built, as it will provide an infrastructure and skills legacy for the UK for generations to come, and support much-needed growth.

The underground is already at full capacity, with forecasts that demand will increase significantly over the next few years. Accompanied by the Tube upgrades – which are also crucial to London's success – Crossrail will provide comfortable and quicker journeys by reducing crowding on Underground lines and adding 10% to London's total rail-based public transport capacity. In the peak periods it will carry up to 78,000 passengers hourly. It will dramatically reduce journey times, in some cases by as much as 40%.

Crossrail will take a leading role in supporting regeneration and economic development at a critically important time. Another very exciting part of our role is the opportunity to support the skills development of those working or hoping to work on building Crossrail.

We are determined to leave a skills legacy when Crossrail has gone into service in 2017. At peak construction in 2013-14, Crossrail will employ up to 14,000 people, with many more over the life of the project. We are committed to working to equip local people with the right skills so they too can have the opportunities to work not only on this project, but also on future projects of similar scale.

A study conducted on our behalf of Crossrail by consultant Colin Buchanan found that when results are modelled for just one year – 2026 – the annual economic benefit across all London's boroughs is an estimated £1.24bn at 2008 prices. While some boroughs in inner London will benefit by more than £60m a year – including Camden, Greenwich, Lambeth and Newham – the economic benefits spread across the whole of London.

Any major construction project relies on the labour, skills and expertise of a diverse range of trades and professions. Crossrail needs a Tunnelling Academy to address the shortage of people with the necessary skills to work on our project. We are determined that our academy will be developed in partnership with the other businesses that will need tunnelling skills in the future.

It is also vital for Crossrail and the industry as a whole that young people continue to choose construction and engineering as careers. To achieve this, Crossrail is encouraging and inspiring young people through its Young Crossrail Education Programme, working with schools mainly located within a mile of the Crossrail route.

We expect to reach out to almost 500,000 young people, who will learn about Crossrail, the progress we are making and, who knows, maybe work on the project at some stage. They will certainly be important customers of the new railway in the future.

I believe we have recruited an outstanding executive team to deliver this very demanding programme. We can look forward to bringing the benefits of Crossrail to reality by delivering safely, on time and within budget.

Terry Morgan is chairman of Crossrail

At risk of cuts?

With many big transport projects about to start or in their early stages, exactly what is at risk when the government spending axe falls?

In general, anything for which contracts have not been signed could in theory be cancelled.

One of the few projects which therefore appears to be immune is Connect Plus's M25 DBFO contract, for which the £6.2bn deal was finalised earlier this year.

Crossrail is trying to finalise as many contracts for the £16bn project as it can as quickly as possible, in the knowledge that the Conservatives have said that, if elected, they will initiate a review of the project. Preparatory work is already under way on several sites, but it is not clear when "the point of no return" will be reached.

Thameslink is already under way and looks safe, but it has been reported that the Treasury is looking to save on rolling stock, which has not yet been ordered. It is thought that reducing the number of carriages from 1,100 to 900 could cut £400m off the budget, while cutting the capacity for trains on the central north-south section through London would remove the need for an automatic train operating system while still providing a substantial increase in capacity.

In what rail commentator and *TT* columnist Christian Wolmar describes as "the one unequivocal benefit of privatisation", Network Rail's £28.5bn investment programme for control period 4 (2009-2014) looks safe – although the flagship redevelopment of Birmingham New Street also depends on significant contributions from private sources and local and regional government.

Problems may arise with the rail investment programme for the following five years, which may be severely cut back in comparison. This could be bad news for projects such as the Manchester Hub – described as "Manchester's Crossrail". The £1bn electrification of the Great Western main line is being funded by Network Rail borrowing and so should be unaffected, but there may be questions over the proposal for the next priority electrification project, the Midland main line.

Questions could also be raised about the Intercity Express programme to replace the UK's Intercity 125 trains.

Meanwhile the Campaign for Better Transport warned that the Sustainable Travel Cities programme, which would fund urban transport programmes to give people alternatives to car travel, could be a casualty in the Pre-Budget report.

The scheme, announced in May, was intended to build on the success of the DfT's three sustainable travel towns. Up to £29m was to be invested over three years in "at least one of England's larger cities" to encourage greener travel choices. In its annual report the Committee on Climate Change recommended that it be rolled out to all cities and towns over the next few years.

Funding for upgrading local bus services – through the Kickstart programme – is also thought to be under threat. The CBT instead called for road schemes to be cut, pointing out that the A14 Ellington to Fen Ditton alone is currently estimated to cost between £865m and £1.3bn.

Beware a skills gap when the upturn finally comes

Investment in skills remains crucial during recession, says **Ruth Exelby**

It is well known that when the economy picks up and we start to move out of recession there is a corresponding increase in the use of the passenger transport network. There is a short time lag – a matter of months, not years. The big question is: have we learnt from history? Because we also know that when things pick up the passenger transport network needs to be ready for it. We have been here before and failed to invest.

We may not have long to wait either, as economists are predicting that after the next quarter we will be out of the recession; thus by as early as mid-2010 we could have increased pressures on the network. Added to this, we have the 2012 Olympic Games rapidly approaching. These have been called the "passenger transport" Games because the International Olympic Committee has said that the success of the Games is largely a consequence of how the transport network holds up under the pressure of increased use.

But what do we mean by the term transport infrastructure? For the majority of people it will mean the physical resources of track, equipment, rolling stock and roads, or in other words the physical tangibles. The more enlightened, however, will also question how the facilities will be maintained and the services run, and this will be down to the quality and competence of the staff running the network.

According to a recent statement by Lord Mandelson, secretary of state for business, innovation and skills, "first class workplace skills will be key to prospering when the economy turns up, and companies which invest in training are less likely to fail". There are many more arguments for keeping customer and staff training up during recession, not least that the skills and competence we need to provide our world class transport infrastructure are not something that we can just turn on overnight.

John Pittwood, marketing manager for Schneider Electric, supplier of electrical distribution and automation control products and services used in the signaling network, explains his company's philosophy on training. As an organisation it invests significantly by training existing staff and recruiting apprentices and graduate engineers. However, take the case of the graduate engineer: "Even with a degree it can take up to 10 years for them to learn and understand what is required of them," he says.

"The big question is, have we learnt from history? Because we also know that when things pick up the passenger transport network needs to be ready for it"

Similarly Nick Mitchell, executive director for GoSkills and previously human resources director at the Go-Ahead Group, says that it can take up to two years for a train driver to become fully competent. So while it may seem in the short term that the money-saving option to switch off the training budget is a good one, what it means in the medium to long term is that significant skill shortages will occur.

There are also short-term benefits of continuing to invest in training. Many studies contend that staff become more secure and motivated when they are given training of any sort, thus making them more likely to remain loyal to the company when we come out of the recession and more jobs become available. This is a significant factor for bus and coach operators who traditionally find it difficult to attract entrants to the industry. This is the first time that many companies have been in a position of full employment, but they are acutely aware that once the economy picks up staff will start to look outside the sector for financial opportunities rather than seeing the immediate benefits where they are.

So whether it is a short term investment to retain existing staff or a more longer term need to ensure the skills and competences exist in the future, failing to maintain investment in the transport infrastructure during times of recession does not seem to be an option.

Ruth Exelby is Director of Operations at GoSkills

The North faces

The days of spare capacity are gone, and to capitalise on its strengths in hi-tech

Spare capacity in the North of England has been exhausted

Let us cast our minds back to the years between the Millennium and 2007 – the years of strong economic growth before the credit crunch and recession. Traffic growth on the North's motorways was way ahead of the national average – up 10%, compared with 2% across the country as a whole and an actual reduction in the South East. Rail passenger numbers in the North of England grew at twice the national rate – up 26% compared with 13% nationally. Port traffic was up 11% compared with just 1% across the country. And the North's airports increased their share of the national passenger and freight market as well.

"A critical difference between the North and the South needs to be recognised: we have a connectivity problem too"

Of course, some will say that the North had something that the South didn't have: excess capacity to grow

capacity problems

investment is needed to allow the North of England industries, says **John Jarvis**

into. However, while this may once have been true, it was not the case by 2007. Work published by the Northern Way last year shows that the motorways around Manchester, the M1 and M62 in Yorkshire and the A1 bypassing Gateshead and Newcastle experience congestion and delays as bad as anywhere in the country. And many peak hour train services into and through the North's great cities are operating at well above their capacity too.

So by 2007 we had a capacity problem. And then came the recession. Across the country this has brought about a decline in road traffic and road congestion and has put the brakes on the rate of growth in rail also. The cloud of the credit crunch has the silver lining of giving a few more years to avoid the congestion crunch on our economy – but that is only if we are far-sighted enough to invest now and continue to invest in infrastructure through the lean years in front of us.

The Northern Way, therefore, welcomes the Government's managed motorways programme for some of the North's busiest motorways, as well as the new rail rolling stock that will come through the 2009-14 rail investment plans. These investments are essential, but we know that there's much more to do.

When the recession is over, the pattern we saw of differential growth in transport demand between North and South will resume. Before we know it, even with these committed investments, congestion will be stifling our economic growth. We need to act to avoid it.

There's a critical difference though between the North and the South that also needs to be recognised. We have a *connectivity* problem too. If for any reason you have to drive the 40 miles from Sheffield to Manchester, allow yourself well over an hour, even if travelling in the middle of the night. Work published by the Northern Way by Henry Overman's team at the LSE has shown that commuting between Manchester and Leeds, the North's two largest cities, is 40% less than comparable city pairs, a difference that can be explained almost entirely by the slow journey times and high cost of the journey.

Try to travel by train from HBOS's headquarters in Halifax to Manchester Airport, the North's most important international gateway. There's no direct route. Or how about moving a trainload of intermodal containers from Teesport to the West Midlands on standard wagons: at present it can't be done.

And there's another thing that's different about the North. For years, as our economy has grown so has transport demand, but over the years that relationship has weakened. A 1% increase in GVA produces less traffic growth now than it did ten years ago. That's the national trend and it's the trend in the North too.

But critically what we see if we drill down into the data is that a 1% increase in GVA in the North produces about a fifth more traffic growth than 1% GVA growth in the South. And we believe that if for any reason we can't accommodate the traffic growth that's critical to our economy, we won't get the economic growth either.

The Government has identified that to guarantee the nation's future economic resilience we need to rebalance our economy. We need to strengthen the economies of our regions, building on the success of the North's city regions over the first half of this decade. We need to grow our hi-tech knowledge industries and our manufacturing base.

These things are done well in the North. We have the land and the workforce and the skills to do this. Of course, the philosophy of predict and provide is long dead, but transport investment to address capacity problems in the North and to enhance our connectivity sustainably is essential to support and facilitate our economic growth.

This is why the Northern Way has an evidence-based set of transport investment priorities essential for the North's future economy. Strangling the North's transport networks will otherwise strangle the North's economic growth.

John Jarvis is the Transport Director of the Northern Way, the partnership led by the North's three Regional Development Agencies to improve the sustainable economic development of the North towards the level of more prosperous regions.

Investment vital to Scotland's continued growth

From the new Forth crossing to the Borders railway, the Scottish Government is pursuing record investment to benefit the economy, says **Stewart Stevenson**

The central aim of the Scottish Government is to actively promote economic growth, social inclusion and sustainable development. The creation of safe, integrated and efficient transport networks contributes to this aim.

That's why the Scottish Government is currently investing £4.1bn in Scotland's strategic transport networks over a three year programme – the largest investment in Scottish history – directly supporting and sustaining Scotland's economy through efficient movement of goods and people. Indeed, the Scottish Government's transport agency, Transport Scotland, supports over a quarter of all the civil engineering contracting sector's workload, and nearly all the agency's budget is invested back into the private sector.

This ensures we continue to create hundreds of construction jobs across Scotland and sustain thousands more across various industries. Our investment in infrastructure currently supports nearly 10,000 jobs across the road and rail sectors.

Road schemes like the completion of the M74 and the upgrade of the M80 between Stepps and Haggs, and rail projects such as the Airdrie to Bathgate Rail Link and Borders Link, demonstrate our investment is supporting local economies across Scotland, creating employment opportunities and delivering infrastructure which will keep Scotland moving.

Our continuing investment in road maintenance programmes provides sustained employment for over 1,100 staff through our operating companies and 350 more people through subcontracts right across Scotland. Investment this year alone accounts for some £235m.

We have carried out the Strategic Transport Projects Review (STPR) which sets out a programme of 29 investment priorities over the next 20 years. Some of those projects have been fast-tracked, such as the Forth Replacement Crossing and the Edinburgh Glasgow (Rail) Improvements Programme, providing further support for Scotland's economy.

The case for the crossing is clear and compelling, and it is vital for maintaining an essential road link, supporting the economy of Fife, Edinburgh and the Lothians. The Forth Crossing Bill has been laid before Parliament and parliamentary scrutiny of the Bill marks the next stage as the project progresses.

Recently-completed projects have made a tremendous difference to local communities across Scotland. The Stirling-Alloa-Kincardine railway has carried three times the number of passengers forecast in its first year. Laurencekirk Station, which opened in May this year, has had 70% more passengers than anticipated in the first four months of operation. The award winning Clackmannanshire Bridge was completed on time and on budget and has been welcomed by communities on both banks of the Forth.

But we can, and must, do more. The procurement process to build and operate the Borders Rail link will commence by the end of this year. Re-establishing the line from Edinburgh to Tweedbank will provide the communities in Midlothian and the central Scottish Borders with a direct rail route through to Scotland's capital – creating up to 400 jobs during the construction phase of the project.

We have also recently placed the biggest electric train rolling stock order in Scotland for a decade. Our investment of over £430m in rail services will see 38 new trains, platform extensions and new resources for depot and train maintenance available, along with improvements in the Paisley Corridor, helping create over 130 new jobs.

This Government is committed to continued investment in our vital national transport infrastructure. In these challenging economic times this infrastructure not only safeguards connections, but plays an important role in supporting Scotland's economy.

Stewart Stevenson MSP is Minister for Transport, Infrastructure and Climate Change in the Scottish Government

What does carbon trading mean for public transport operators?

There are fundamental problems in attempting to extend emissions trading to bus, coach and train, says **Nick Coad**

By the time this article is published the Climate Summit in Copenhagen will be under way. There are compelling scientific and economic reasons why we need to dramatically limit the emissions of greenhouse gases. Whether we get an international agreement at Copenhagen is still uncertain but carbon trading will play a central role in any solution.

Carbon trading, also called emissions trading, is already the key policy measure for tackling climate change in the UK and EU. An ambitious agreement in Copenhagen will boost the market and drive up the cost of carbon and so it is timely to think about the implications for public transport operators.

Before talking about carbon trading it is useful to remind ourselves about the environmental performance of bus, coach and train:

Public transport is an environmentally preferable form of transport. Large net savings in greenhouse gas emissions can be made through people choosing to use public transport for their journey instead of a car or plane.

There is no scientific way of calculating this but if we say that if we stopped running our services and our customers had to use a car then we can estimate a figure. In 2008 for National Express's UK operations we estimate that the net saving was over 1.1 million tonnes of CO_2.

Baseline carbon emissions are likely to increase in the short term. Modern diesel engines used in buses, coaches and trains are far less polluting as far as exhaust emissions are concerned but use more fuel than older vehicles.

For bus and coaches congestion is likely to continue to get worse, which will further lower fuel economy.

Absolute emissions from public transport should increase.

When it comes to reducing carbon emissions from transport there are only three measures available: reduce demand, improve efficiency and encourage modal shift. Measures to promote modal shift of passengers to public transport will help reduce absolute emissions from transport overall and should be a key part of climate change strategy. But this will mean that public transport's absolute emissions will increase as more services are created.

Carbon trading started across Europe in 2005 in the form of the EU Emissions Trading Scheme (EU ETS). The scope covers approximately half the region's total carbon dioxide emissions as it applies to the power sector and energy intensive industries. It is a 'cap and trade' scheme which means that a cap or target for total emissions is set. Tradable allowances equivalent to the cap are then allocated.

Participants must surrender allowances equal to or greater than their direct carbon dioxide emissions during the compliance period. They can meet their cap either by buying allowances or selling surpluses. The theory is that this provides a clear incentive for investment in energy efficiency: participants that can reduce their emissions cheaply are able to cut their emissions to a level below their allocated allowances, and sell their excess allowances to businesses that face higher costs of abatement.

The cost of a tonne of CO_2 under the EU ETS is currently just above €13. The Department for Energy and Climate Change suggests a figure of £51 should be used for appraising policy that affects emissions which are not covered by the EU ETS, and in the future this figure will rise. It is clear that there is some serious money in our carbon savings.

Transport is not currently included in the EU ETS. Carbon trading has been aimed at sectors with a small number of large, immobile emitters. It is much more complex to apply it to transport where there are a large number of small, mobile emitters. However, with the aviation sector set to join the next phase of EU ETS and the shipping industry recently announcing proposals for a trading scheme, policymakers will no doubt again be looking at surface transport.

There are three broad options for including surface transport in the EU ETS, by including vehicle manufacturers, individual users or fuel producers. None are ideal or likely to be particularly effective in reducing emissions. Attempting to address the issue through any of these means would be administratively complex and would require changes to the scope of the ETS.

Emissions from public transport increase as a result of modal shift from car transport

> **'Using a cap and trade system for each transport mode will lead to perverse incentives'**

But more fundamentally, because modal shift has an important role to play in reducing carbon emissions from transport overall, using a cap and trade system for each transport mode will lead to perverse incentives. This is because, as explained earlier, a corollary of modal shift is that emissions from public transport modes will increase.

What is needed is a transport specific trading scheme based on a measure of emissions in grams of CO_2 per passenger kilometre – but it is not obvious how this can be created.

As a minimum we should also be pushing for a Linking Amendment which would allow new public transport projects which bring about carbon reductions to sell these savings under the EU ETS.

Public transport operators must now start to pull together a robust position on carbon trading. If we don't we will find not only that we will not be able to capitalise on the net carbon savings but that we may have to buy allowances from the aviation sector simply to maintain our current level of operations. It may be that we should be supporting a system of personal carbon allowances.

Nick Coad is Group Environment Director at National Express

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Why not see how acisHorizon can benefit your transport delivery targets by visiting www.acis.uk.com or contact our Product Manager, Brian Colligan, via email: brian.colligan@acis.uk.com to find out more.

A radical future for urban transportation

The recent report from the Prime Minister's Strategy Unit is a masterpiece of innovative thinking, says **David Begg**

The report on The Future of Urban Transport, commissioned by the Prime Ministers Strategy Unit, was published last month by the Cabinet Office. If you have not read it I would urge you to do so – all 131 pages of it. It is the most comprehensive report I have read on transport in the 30 years I have been involved in the profession. While I was a member of the strategic advisory panel, I can take no credit for it as diary commitments made it impossible for me to get involved.

It states explicitly in the report that it is not government policy. After reading it you will understand why this disclaimer appears. It is radical, innovative and challenges the effectiveness of government policy over the past 12 years. It asks the right starting question: what kind of cities do we want to live in? The type of transport system is then the secondary question.

Yes, we are concerned about mobility, but it is accessibility which matters more. We want to live in clean, safe cities with plenty of green space. This means we have to make much more efficient use of "movement space" – roads – to leave more room for "exchange space" – pedestrian areas and so on. I warm so much to this because it was exactly what we tried to do in Edinburgh in the last decade when I was the politician responsible for transport.

The importance of urban density in encouraging non-car trips is highlighted, as is the positive impact pedestrianisation can have on retail spending.

If your main interest is rail or light rail, however, you will be disappointed. The report does not mention these modes but instead focuses on walking, cycling and bus. While this does not reflect the way a substantial minority of people travel in London it does for cities outside the capital.

If you want to be alarmed, have a look at the potential decline in bus use that is forecast in metropolitan areas outside London. If you want to be inspired, latch on to the huge impact a more radical approach to walking, cycling and travel demand management can have.

The report is critical, at least implicitly, of an over-emphasis on tackling congestion in urban areas to the exclusion of other important objectives. It highlights that congestion accounts for around one-third of external costs in urban areas but that we must pay more attention to pollution, safety, health and obesity and "unpleasant urban space".

It is critical of investment appraisal for discriminating against walking and cycling, and the frustrations are abundantly clear on our failure to establish strategic transport and planning authorities in the metropolitan areas outside London. It does not spell this out clearly but you know after reading it that the authors are crying out for Transport for London organisations to created outside the capital.

We like this report so much at *Transport Times* that we are going to feature it in the next six issues, focusing on a different area each month.

We start this month with extracts from the report including its conclusions and the breakdown of the different external costs from urban transport. This will be followed in future issues with coverage on: urban space; health and obesity; bus; walking and cycling; and governance arrangements.

***An Analysis of Urban Transport*, published by the Cabinet Office Strategy Unit, is available at www.cabinetoffice.gov.uk/strategy/work_areas/urban-transport.aspx**

turn to page 30

Main findings of the report

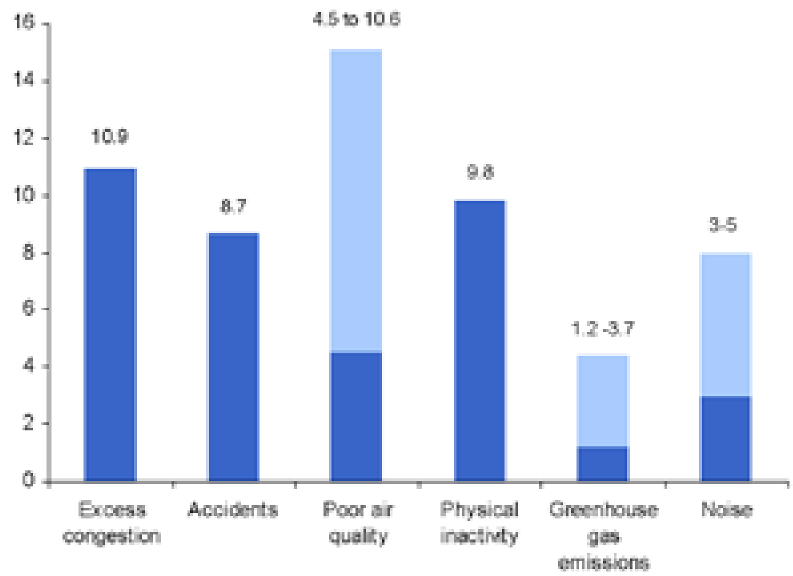
from page 29

The total cost of transport is at least £40bn in urban areas; of this congestion accounts for £11bn

This table gathers together all available evidence to give an idea of the scale of selected costs of transport harm in urban areas. It is not meant to be exhaustive or precise, but overall it is clear that congestion only accounts for around a third of the total

All figures billion pounds (2009)[1]	London and ITA areas	ITA areas only	All urban areas with more than 10,000 people
Excess congestion (2009)	7.6	3.7	10.9
Accidents (2008)	5.1	3.2	8.7
Poor air quality (2005)	n/a	n/a	4.5-10.6
Physical inactivity (1998)	4.9	2.7	9.8
Greenhouse gas emissions (2003)	n/a	n/a	1.2-3.7
Noise (2008)	n/a	n/a	3-5
Low enjoyment of space	n/a	n/a	n/a
TOTAL	>17.6	>9.6	38.1>48.7

Congestion costs account for a third of the measurable costs of transport in urban areas



(1) DfT collated figures. Detailed references are given below. Years in parenthesis refer to the date of the study the figures are taken from.

The report distils measures into three broad "success areas" and links them to policy ambitions

Success area	Impacts on urban success	Implied policy aims	Policy area
Economic prosperity	• Excess congestion is an economic cost the market cannot solve • Transport connectivity can have agglomeration effects	• Reduce excess congestion • Exploit agglomeration effects	**Efficient use of roads and streets**
Health	• Urban areas have the highest rate of accidents costing around £9bn per annum • Road traffic is the major cause of local emission in urban areas costing £5-10bn per annum • Two-thirds of adults do not meet daily recommended activity levels, costing around £10bn per annum	• Reduce the use of motorised vehicles for short journeys and promote walking and cycling • Reduce emissions • Increase road safety • Increase in the levels of active travel	**Modal shift away from the car**
Enjoyment of space	• High-quality street design can have local economic benefits • People are often unsatisfied with the space they live and travel in because of transport	• Increase the quality of streets to make them more enjoyable	**Spatial planning**

Policy implication: as well as demonstrating harm, there must be a legitimate role for government intervention for efficiency (market failure) or equity reasons

Greener Journeys

Make the switch to bus and coach

The ONE BILLION Challenge

- Making more of bus and coach travel is a quick and cost-effective way to reduce carbon emissions
- Switching from car to bus or coach for just one journey in 25 could save 2 million tonnes of CO_2
- That would mean one billion fewer car journeys on our roads...
- ... 50% more CO_2 savings from transport than planned by the Government
- ... And it could be achieved in just three years if everyone played their part

ARRIVA First Go-Ahead national express STAGECOACH GROUP

Ernst & Young

Ernst & Young has created a specialised group of 150 professionals focusing on infrastructure projects across the UK and internationally, in sectors ranging from transport to power and renewable Energy and defence. The Transport team, led by Manish Gupta, covers roads, highways maintenance, street lighting, rail, airports and ports. It includes 23 dedicated professionals experienced in advising the public and private sectors on a range of PFI/PPP and other transport infrastructure projects throughout the world.

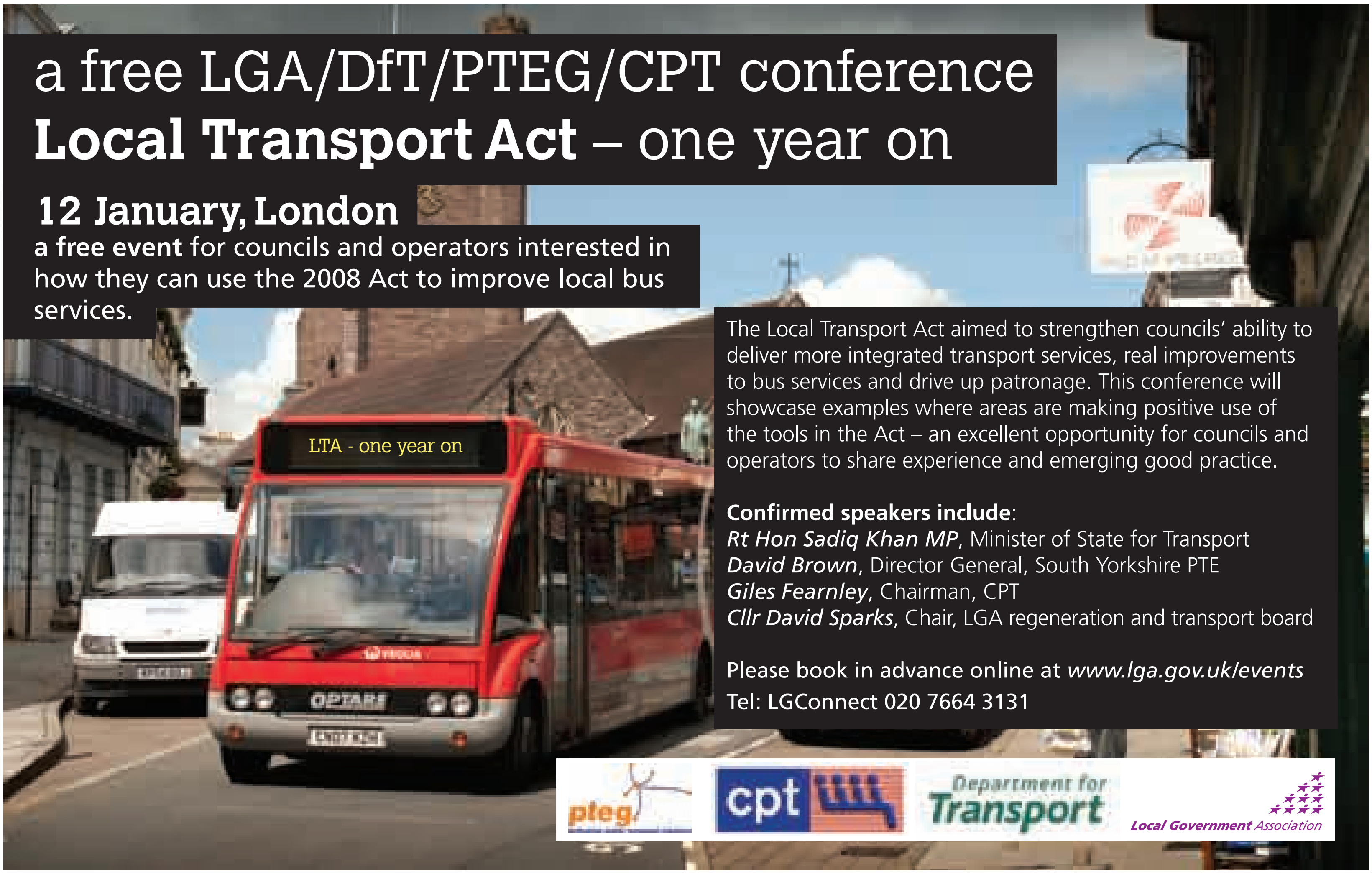
Ernst & Young's transport team is currently active in the development of transport projects in the UK and globally at all levels of government. The team is currently advising:

- High Speed Two, the organisation set up by the Government to consider the case for new high speed rail lines, in assessing options for the procurement and financing of the project
- Crossrail, Transport for London and the Department for Transport, on the procurement and financing of the cross-London route's fleet of suburban trains
- The Abu Dhabi Department of Transport on the procurement of its first highway PPP, the Mafraq-Ghweifat Highway PPP
- Centro on the management of the road network in the West Midlands, in an effort to address the congestion problems in the area and to enable a more cohesive and integrated approach to transport planning in the region.
- The transport team incorporates advisers from a wide range of backgrounds including investment banking, accounting and finance, technical advisory and strategy. We focus this broad set of skills on a case-by-case basis to provide all our clients with a forward-looking understanding of the challenges emerging in this competitive and rapidly evolving market.


Ernst & Young is advising Crossrail on the procurement of its train fleet

At a glance

Staff: 130,000 worldwide
Ernst & Young global revenue: US$21.4bn for the fiscal year ended 30 June 2009
Areas of expertise: financial and commercial advisory, strategy, accounting and finance, corporate finance, tax structuring and advisory
Contact: Manish Gupta
020 7951 1702



a free LGA/DfT/PTEG/CPT conference
Local Transport Act – one year on

12 January, London

a free event for councils and operators interested in how they can use the 2008 Act to improve local bus services.

The Local Transport Act aimed to strengthen councils' ability to deliver more integrated transport services, real improvements to bus services and drive up patronage. This conference will showcase examples where areas are making positive use of the tools in the Act – an excellent opportunity for councils and operators to share experience and emerging good practice.

Confirmed speakers include:
Rt Hon Sadiq Khan MP, Minister of State for Transport
David Brown, Director General, South Yorkshire PTE
Giles Fearnley, Chairman, CPT
Cllr David Sparks, Chair, LGA regeneration and transport board

Please book in advance online at *www.lga.gov.uk/events*
Tel: LGConnect 020 7664 3131

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Department for Transport

QUALITY CONTRACTS SCHEMES – BOARD PANEL MEMBERS

Part Time Panel Members, £422 daily rate, England only

The Secretary of State for Transport is currently seeking to appoint a panel of members who can be called upon to form Quality Contracts Scheme (QCS) Boards.

These senior level appointments are an exciting and unique opportunity for suitably-experienced individuals to perform independent and impartial scrutiny of local authority proposals, helping shape and improve bus services in England.

Outside London most bus services are provided in a de-regulated market on a commercial basis. The Local Transport Act 2008 enhanced local authority powers to shape bus services in their area, allowing them to secure services that meet the needs of local people.

Quality Contracts Schemes (QCS) are a way of allowing local authorities to move to a system of tendered markets for bus services within a particular area.

The relevant legislation will provide for external scrutiny of QCS proposals by independent 'QCS Boards'. Panel members would be called on an 'ad-hoc' basis to advise and comment upon QCS proposals in England.

The role requires knowledge of the bus industry or local authority transport planning, along with exceptional analytical and communication skills.

The closing date for applications is: Midday on the 29th January 2010.

Further information, including how to apply, may be found at: www.dft.gov.uk/localtransportact Or email: localtransportact@dft.gsi.gov.uk

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Local Transport Planning Network

Your Chance to Quiz the DfT!

Special LTP3 Web Event

3 February 2010

CALL FOR QUESTIONS

DEADLINE: 22 DECEMBER 2009

The DfT is taking questions from LTPN members on the preparation of LTP3.

Submit your questions by 22 December 2009 and view all the answers provided by DfT in our special LTP3 web event on 3 February 2010 between 1-30pm and 3pm.

Phil Killingley and Paul Lulham from DfT's Regional and Local Transport Strategy and Funding will be online to discuss any points of clarification or answer any supplementary questions you may have.

Send your questions to **ltpn@portobellopartnership.co.uk**

Go to www.ltpnetwork.gov.uk and register your details to become a member of the LTPN

The Northern Way is the unique initiative that brings together the cities and regions of the North of England to work together to improve the sustainable economic development of the North towards the level of more prosperous regions.

A partnership led by the three northern Regional Development Agencies, the Northern Way works with local authorities, universities, the private sector and other partners to secure a strong coalition in support of this goal.

Transport is central to the North's economic future and is a key priority for the Northern Way. Our Strategic Direction for Transport is an evidence-based assessment of the most appropriate transport interventions that will promote productivity growth in the North. Our Short, Medium and Long Term Transport Priorities report establishes clear investment priorities. It also sets out the strategic delivery gaps between the schemes and measures being promoted by the Northern Way's stakeholders and what is needed to meet our Strategic Direction.

The current focus of our transport work is to build the evidence base on the importance of transport investment in the North and work with our partners to close the strategic delivery gaps that we have identified.

All Northern Way policy and evidence based reports, including reports we have co-funded, can be downloaded from our website: www.thenorthernway.co.uk

Strategic Direction and Priorities

- The Strategic Direction for Transport, March 2007
- Short, Medium and Long Term Transport Priorities, September 2007
- Short, Medium and Long Term Transport Priorities Technical Report, September 2007

High Speed Rail

- High Speed Rail for the North, September 2009
- Greengauge21 Fast Forward: A High-Speed Rail Strategy for Britain, September 2009
- Evidence of Benefits of High Speed Rail to the North's Economy, August 2007

Manchester Hub Conditional Output Statement

- Manchester Hub Conditional Output Statement, April 2009
- Manchester Hub Phase 1 - Economics Study, April 2009
- Manchester Hub Phase 1 - Transport Modelling and Benefit Assessment, April 2009

Manchester Hub pre Feasibility Work and Stakeholder Consultation

- Manchester Rail Hub - Objectives and Next Steps, August 2007
- Manchester Rail Hub Phase 1: First Stakeholder Event, September 2008
- Manchester Hub: High Level Stakeholder Consultation, September 2008

Airports and Ports

- Airports and Ports and the Northern Economy, September 2008
- Evidence Based Review of the Growth Prospects of the Northern Ports, June 2006

Rail Gauge

- Market Demand for Rail Gauge Enhancements, October 2007

Strategic Road Network

- Intelligent Transport Systems Audit, October 2009
- Smarter Travel Choices: Regional Workshops Report, May 2009
- Existing and Future Traffic and Congestion on the North's Strategic Road Network, October 2008
- Smarter Travel Choices Report, October 2008
- Congestion Management Using Intelligent Transport Systems, October 2008
- M62 Route Action Plan, November 2006

Other

- Woodhead Tunnel Report, October 2008
- Our responses to Government and other policy consultations relevant to our work are also available on our website

Visit **www.thenorthernway.co.uk** and click on Transport