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Response to Department for Business, Innovation and Skills, CLG and HM Treasury

## **Consultation on the Regional Growth Fund**

August 2010

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## 1. About pteg and the Passenger Transport Executives

- 1.1. **pteg** represents the six Passenger Transport Executives (PTEs) in England and through them the travelling public in the city regions. The PTEs provide, plan, procure and promote public transport in six of England's largest conurbations; Merseyside (Merseytravel), West Midlands (Centro), Tyne and Wear (Nexus), West Yorkshire (Metro), Greater Manchester (GMPTE) and South Yorkshire (SYPTTE). Transport for London, Leicester City Council, Nottingham City Council and Strathclyde Partnership for Transport are also associate members. This response is on behalf of the six PTEs only.
- 1.2. The PTEs operate at the level of the city regions largely reflecting the relevant functional economic area and they operate at the optimum strategic level for the provision of transport. They are fully accountable, reporting into Integrated Transport Authorities (ITAs) which are composed of elected representatives of the local authorities in the areas they serve. PTEs support the ITAs in the development and delivery of Local Transport Plans.

## 2. Response to consultation questions

- 2.1. Question one – no response
- 2.2. Question two – What type of activities, that promote the objectives outlined above, should the fund support and how should the fund be best designed to facilitate this?

We support the inclusion of funding for transport schemes within the remit for the RGF. As the Eddington report (and other related research) has shown, good transport provision is important to the economic success of major cities (which in turn are the drivers of wider regional economies). The costs of congestion are estimated at £11 billion per annum in large urban areas – and other negative impacts of poor accessibility can constrain the functioning of key markets, especially the labour market, and therefore reduce the attractiveness of cities to business and investors.

In addition transport can be key to opening up areas to new development opportunities.

RGF could also play a role in addressing the widening gap between transport spending in London, and transport spending in the regions. Currently public spending per head on transport in London is two and a half times greater than it is in the regions of the West Midlands and the North. This would help address the re-balancing of public and private sector investment in England which is one of the objectives of the RGF.

- 2.3. Question 3 – Do you think that these are right criteria for assessing bids to the Regional Growth Fund

In our view the criteria should reflect the need to focus funding where it will achieve the maximum returns in terms of economic benefits. There is a substantial evidence base to suggest that for transport this will be in large urban areas. We support the objective of avoiding 'spreading the money thinly across the country' although at the same time a 'winner takes all' approach could be divisive and wasteful (in bid preparation costs).

Criteria two should be amended. Where it states: 'Projects should set out how they will integrate with local planning policies...' there should also be a reference to integration with local and sub-regional transport policies. It is important to ensure that any new

development is in a location where it can be well served by appropriate transport links, and in particular public transport (where appropriate) in order to help achieve wider carbon reduction goals, as well as to ensure that people from low income households (who are often without access to a car) can take advantage of the new opportunities that developments can bring.

We think there is considerable potential for using the RGF to leverage private sector investment (and bodies like PTEs have expertise in bringing this about). In relation to this there needs to be greater clarity over whether or not bodies like PTEs/ITAs are eligible to submit RGF proposals.

Greater clarity is also required over the balance between capital and revenue funding in RGF. Capital investment schemes which promote better public transport access to regeneration schemes may require associated revenue funding schemes. For example for the funding of the public transport services (such as bus services and their promotion) which benefit from new capital transport projects (such as busways) which serve regeneration schemes.

2.4. Question four – no response

2.5. Question five – Should a Regional Growth Fund become a long-term means of funding activity that promotes growth?

In an environment where public funding is constrained we welcome any sources of funding for the investment in transport that our city regions need. However, in the medium and longer term we would have concerns about competition-based, nationally determined funding streams. These concerns include the centralising nature of the process, the bid preparation costs, the ‘winners take all, losers get nothing’ nature of the process (which creates uncertainty and can prove to be an inefficient use of resources for those participating). Ultimately we believe that transport is of such critical importance to our cities that they ways need to be found to ensure consistency and adequacy of funding, as well as local determination and decision-making on priorities. An element of national competition funding has a role to play but we do not believe it is appropriate for this format to play a major role.